

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name	County
Fiscal Year End	Opinion Date	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

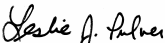
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature 	Printed Name		License Number	

City of Dearborn, Michigan
Comprehensive Annual
Financial Report
For the Year Ending June 30, 2006



Photographs of Michigan Avenue Streetscape – East Dearborn

CITY OF DEARBORN, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2006

MAYOR

Michael A. Guido

CITY COUNCIL

Council President

John B. O'Reilly, Jr.

Council President Pro-Tem

Thomas P. Tafelski

Council Members

Nancy A. Hubbard
Douglas B. Thomas
Suzanne Sareini
Mark Shooshanian
Robert A. Abraham

James J. O'Connor
Finance Director/Treasurer

Karen A. Karasinski
Deputy Finance Director

Sharon J. Schwab
Assistant Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Dearborn
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, reading "Carol E. Fudge".

President

A handwritten signature in black ink, reading "Jeffrey R. Enen".

Executive Director

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MICHAEL A. GUIDO
MAYOR

CITY OF DEARBORN

Home Town of Henry Ford

DEPARTMENT OF FINANCE
ACCOUNTING DIVISION

JAMES J. O'CONNOR
Finance Director/ Treasurer

KAREN A. KARASINSKI
Deputy Finance Director

SHARON J. SCHWAB
Assistant Finance Director

October 31, 2006

Honorable Mayor, Michael A. Guido,
Members of the City Council, and
Citizens of the City of Dearborn:

The Comprehensive Annual Financial Report (CAFR) of the City of Dearborn, for the fiscal year ended June 30, 2006, is submitted with this letter. The City's Finance Department prepared this report pursuant to requirements of both the City Charter and Michigan law.

This letter is designed to complement the Management Discussion & Analysis (MD&A) as required by Generally Accepted Accounting Principles and GASB 34 and should be read in conjunction with it. The MD&A can be found on pages 3-17 of the CAFR.

MANAGEMENT REPRESENTATIONS

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

We believe that the financial information, as presented:

- ♦ is accurate in all material aspects;
- ♦ is presented in a manner designed to set forth fairly the financial position and results of operations of the City as measured by the financial activity of its various funds;
- ♦ includes all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs

ACCOUNTING SYSTEM INTERNAL CONTROL STRUCTURE

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

- ♦ the safeguarding of assets against loss from unauthorized use or disposition;
- ♦ the reliability of financial records for preparing financial statements and maintaining accountability for assets

The concept of reasonable assurance recognizes that:

- ♦ the cost of a control should not exceed the benefits likely to be derived;
- ♦ the evaluation of costs and benefits requires estimates and judgments by management

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

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INDEPENDENT AUDIT

State of Michigan statutes and City Charter require that an independent audit be made of the City's financial statements. In addition, the City is required to undergo an annual single audit of its federal financial assistance in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Plante & Moran, PLLC whose reports are included, has performed the audit for fiscal year 2006.

FORM OF GOVERNMENT/CITY PROFILE

The City of Dearborn is located in southeast Michigan and borders the City of Detroit to the east. The 2000 census reported a population of 97,775, and current estimates indicate the population now exceeds 100,000. While many other older communities are losing population, Dearborn continues to grow. The superior public services and facilities, a well-established employment base, proximity to Detroit and other affluent suburbs, Detroit Metropolitan Airport, and transportation systems, make Dearborn a desirable community in southeast Michigan for families and businesses.

The present City of Dearborn was incorporated in 1929 consolidating the former cities of Fordson and Dearborn. The City operates under a strong mayor, weak council form of government. Its most recent charter was adopted November 3, 1979 and was effective July 1, 1980. Last fall voters approved the establishment of a new Charter Commission and in November 2005 elected nine Commissioners to review and update the City's Charter. The City is incorporated under Michigan law as a home rule city.

Elected officials are composed of the Mayor, City Clerk and seven Councilpersons who are elected at large. All terms of office are four years. Department Directors and the Chief of Staff are appointed by and serve at the pleasure of the Mayor with the exception of the Human Resource (Civil Service) Director, City Planner, City Librarian and Curator of the Historical Museum who are appointed by their respective commissions. Corporation Counsel is appointed by the Mayor, subject to confirmation by the City Council. The Mayor is responsible for administration of all departments and functions of the City government not under the jurisdiction of any other elected official or the Civil Service Commission. The City Clerk has duties related to keeping the public records. City Council is headed by a Council President who is the member receiving the highest number of votes in the last general election. The Council is responsible for all legislative matters including adoption of the City budget.

Mayor Guido and the Council of the City of Dearborn are responsive to the community. Challenges are identified, openly communicated and action is planned and taken. In November 2001 Dearborn voters re-elected Mayor Michael Guido to a fourth term in office and then re-elected him again in 2005 for his fifth term in office. The citizens showed a clear preference for continuity in leadership that enables Dearborn to build and maintain a level of public services second to none.

GENERAL GOVERNMENT

The City of Dearborn is a full-service government. The Mayor, the Clerk and City Council have department designations. Public Safety departments include Police, Fire and Rescue and Building & Safety. The Department of Public Works manages the sanitation division, infrastructure projects and general cleaning and maintenance of City property. Culture and Recreation encompasses a main library and three branch libraries, a Historical Museum and a robust

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Recreation Department including neighborhood parks, a major park, a dual ice surface arena and the Ford Community & Performing Arts Center. The City also operates a part-time Health department. The City has separate Planning, Economic & Community Development and Housing departments. Legal, Finance, Human Resources, Assessment and Public Information function as support-type departments. The City of Dearborn is a medium sized community, but in many respects operates like a large community due to the presence of Ford Motor Company and the corresponding business environment.

PROPRIETARY TYPE OPERATIONS

The City operates the water and sewer utilities. The City relies on and compensates the City of Detroit for providing clean water and for treating sewage. The Recreation Department operates an 18-hole golf course and the Housing Department manages five retirement buildings within the City and one building in Clearwater, Florida. The Parking System Funds were established to account for the construction, maintenance and operation of City-owned parking lots. A group of internal service funds are operated to support the primary government.

FIDUCIARY FUND TYPE OPERATIONS

The City operates three pension trust funds, including two for police and fire personnel (one open, one closed) and one (closed) for substantially all other full time personnel. Effective July 1, 2005, the open revised police and fire pension trust fund was closed to newly hired police officers. All full-time personnel not covered by one of these pension plans are covered under the defined contribution plan.

COMPONENT UNITS

The City currently has four components included in this section of the report. The East and West Dearborn Downtown Development Authorities (EDDDA and WDDDA) account for monies from tax increment financing districts under each authority's jurisdiction. These resources are being accumulated to fund future redevelopment of both the East and West Dearborn Business Districts. The Economic Development Corporation of Dearborn was created to encourage economic development primarily through the issuance of tax-exempt financing. The Brownfield Redevelopment Authority is a component unit established for the redevelopment of environmentally contaminated property. The State of Michigan provides grants and loans in support of approved projects.

BUDGET CONTROLS

The City's budget is prepared in compliance with uniform budgeting provisions of Michigan law for all governmental fund types and in conformity with generally accepted accounting principles (modified accrual basis of accounting). The proposed annual budget is delivered to City Council no later than April 15th and must be adopted no later than June 13th. Budgets are adopted for all governmental and proprietary funds. Appropriations are controlled at the department level (General Fund), project level (Capital Improvement Fund), or fund level (all other funds), as appropriate. Encumbrances, which are reservations of fund balance and not expenditures, are used as an extension of formal budgetary control. Appropriations lapse at fiscal year-end except for the portion related to encumbered amounts and those amounts approved for carry-forward by the City Council.

ECONOMIC CONDITION AND OUTLOOK

In spite of the sluggish economy in Michigan, Dearborn continues to grow. Population is increasing, schools are reporting an increase in enrollment and development can be found throughout the city.

The automotive industry has a major affect on the economy of the State of Michigan. Due to the downturn in sales and slow growth, the State of Michigan has experienced a decline in its revenues, resulting in the Governor and Legislature reducing state shared revenue distributions to local governments, including the City of Dearborn. The City continues to look for ways to recover from the lost revenue while also maintaining the high level of services Dearborn is known for.

The City of Dearborn is home to the world headquarters of Ford Motor Company as well as its large research and development facility and the Rouge Complex manufacturing plant. Ford Motor Company recently announced a strategic restructuring plan designed to help it recover from a downturn in sales and become competitive once again in the automotive market. The plan includes closing several plants in North America and cutting its workforce by 30% but so far, none of the Dearborn plants have been earmarked for closing. Ford recently relocated its 600 advertising agency employees to Dearborn's Corporate Crossings and will continue to centralize operations as part of the Way Forward Plan to gain synergy and cut costs. Several large automotive suppliers also have operations within the City that could be negatively impacted if Ford closes a plant in Dearborn.

In 2004, Severstal North America, Inc. made a \$250 million investment in Dearborn when it purchased the assets of Rouge Steel from bankruptcy. Now Severstal is planning to invest over \$500 million dollars in its Dearborn facilities over the next four years, beginning with the upgrade of one of its blast furnaces in March 2007. Once completed the blast furnace upgrades will provide major benefits to Dearborn's economy including the preservation of jobs and increased tax base.

Probably the biggest challenge the City is facing right now is determining how to overcome the structural budget deficit. The City is experiencing revenues that are flat, escalating legacy costs for pensions and retiree health care, and other operating costs including health care insurance, gasoline and heating fuel costs that have increased significantly over the last few years. The City has reduced 123 full-time positions in the last five years without impacting services, but the structural deficit still exists. The bottom line for Dearborn is that reductions must continue or taxes must go up, or a combination of the two. Dearborn is fortunate to have a superior program and service mix and the quality, quantity and levels of these programs and services are high. If there are reductions, Dearborn will still remain safe and clean, and will continue to be a great place to live, work, play and raise a family.

CASH MANAGEMENT

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its investment portfolio. Cash temporarily idle during the year was invested in certificates of deposit, U. S. government securities and top rated commercial paper. Cash is internally pooled for investment purposes using two separate pools distinguished by the investment needs of participating funds. One pool is strictly for short-term operating cash, while the other pool is composed of money that can be safely invested for periods of one to seven years. Funds in the latter pool consist mainly of self-insurance reserves and some monies designated for future financial needs. Earnings are allocated based on time and dollar weighted

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participation in each pool. A formal investment policy was adopted by the City Council in November 1998.

RISK MANAGEMENT

The City employs a full-time attorney to serve as a risk manager whose primary task is focusing on loss control in the areas of civil and fleet liability. The risk manager also assists with the administration of the workers' compensation program. All City programs undergo a periodic risk analysis.

Loss control services of the City's insurers are used regularly to reduce exposures. The City also maintains a sidewalk inspection and replacement program to help reduce the number of "trip and fall" claims. In addition, high level training for police officers continues to be emphasized.

DEBT ADMINISTRATION

Debt is paid for in one of three ways. The general operating millage will pay for debt related to governmental facilities. Debt issued prior to fiscal 2005 for business-type activities will be retired with user fees. Bonds issued in conjunction with the Ford Community and Performing Arts Center as well as business-type activities debt issued beginning in fiscal year 2005 will be funded by voter approved debt millages.

A ballot proposal was approved in August 2004 authorizing the City to issue debt (bonds and low interest State Revolving Fund (SRF) loans) in an amount not to exceed \$314.12 million to fund the federally mandated Combined Sewer Overflow (CSO) project. Construction of approximately half of the project is underway and the balance of the project is currently in the design phase. SRF funding received to date totals almost \$142 million. In addition, \$24.5 million in open market bonds were issued for phase one construction. The City will pursue all grant opportunities and will continue to apply for low interest loans from the State of Michigan to fund this project.

In addition to bonded debt, the City has used installment purchase agreements from time to time as a means of financing the acquisition of selected equipment. The expected useful life of financed equipment is five to seven years or more, which substantially exceeds the typical financing term of four years.

MAJOR INITIATIVES

The City of Dearborn's personnel continue to strive for constant improvements to provide the highest level of customer service possible within revenue constraints. Satisfaction of our citizens, customers and partners is the organization's driving force. All of the services provided are evaluated on the basis of the benefits they provide both to individual users and to the community as a whole.

Neighborhood Preservation

The Mayor's "Neighborhood's First" program is an intense program of neighborhood renovation designed to help residents/property owners help themselves, thereby renewing our ongoing commitment to care for and maintain residential city property. City departments work closely with the neighborhood associations to identify and address problems before they become critical.

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Abandoned vehicles, nuisance abatement, pest control and high weeds and grass are just a few of the issues that are addressed through ordinance enforcement.

The "Operation Eyesore" program has been instrumental in removing substandard structures for years. The City acquires substandard properties, demolishes existing structures and then sells the property to individuals or developers so new homes can be built. These efforts help to protect property values and Dearborn is pleased to see that residential properties have maintained their value in 2006.

The commitment to neighborhoods is also evident in the other activities seen throughout the City. City workers maintain the neighborhood streets year-round with programs for tree trimming, street sweeping, leaf pick-up, catch basin cleaning and salting and plowing during the winter months when needed. The City recently invested in a new type of salt spreader that allows for faster and more even salting of streets and will result in significant cost savings each year.

The City continues to invest in the neighborhood parks and pools. Most recently track lighting was installed at two City parks and several jogging paths and tracks were removed and replaced. Renovation of the filtration system at Dunworth pools was completed in time for the spring opening and similar filtration renovations are planned for this fall and winter for two other pools.

The Mayor made neighborhood sustainability and improvement a priority and has committed resources to meet that objective. Without question, Dearborn has the most proactive and progressive effort directed at neighborhoods in the State.

Downtown Redevelopment

The City of Dearborn was designated by the Governor as one of Michigan's "Cool Cities" and along with that comes access to resources including grants, loans and tax credits to assist in revitalization and redevelopment projects that will attract and retain jobs in Dearborn.

One of the first projects the City will undertake is to create a visitor and welcome center on the lower level of Bryant Library in West Dearborn. The welcome center will have kiosks and informational brochures about things to see and do in Dearborn.

West Dearborn has seen a number of significant development projects in the last few years, beginning with the development of the former Jacobson's department store site on the south side of Michigan Avenue. On June 15, 2006 the City celebrated the grand opening of West Village Commons, a two-block area that has been transformed into commercial retail, dining and office mixed-use functions. It represents an investment of about \$65 million and is a major step in revitalizing West Dearborn. The condominiums currently being constructed one block south of West Village Commons represent the second phase of the development and the third phase could include a hotel, office space and/or additional condominiums.

Changes are also happening on the north side of Michigan Avenue in West Dearborn. Construction of the Gateway Plaza and the Dearborn Village North condominiums represent the beginning of the development of an entire city block which, when completed, will contain retail shops, restaurants, a public plaza, a movie theatre complex, a parking deck and four mid-rise buildings containing 256 condominiums. Developer plans are also underway for even more development in West Dearborn including a hotel, and a public plaza and additional condominiums.

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Redevelopment efforts in East Dearborn are focused on the City's recent purchase of the former Montgomery Wards building. Development of this 5 acre parcel is expected to be the catalyst for redevelopment in East Dearborn. Just two of the possibilities for this site are a mixed-use design with retail, restaurants, entertainment etc. similar to West Dearborn, or a minor league baseball park. The City recently solicited development proposals and is in the process of reviewing them with the intent of entering into a preferred developer agreement to finalize the plan for this prime parcel of land. The main goal is to select a development plan that will have a regional impact and help to foster a unique identity for East Dearborn. Expectations for East Dearborn are high and many of the current businesses are rebuilding and expanding their operations now to be positioned for the future.

Central Dearborn is following the Ford Motor Land master plan called "the Fairlane Community" that was launched in 1970. The Fairlane Community is southeastern Michigan's premier business, retail, residential and recreational community. It comprises 2,360 acres surrounding Ford Motor Company's world headquarters in Dearborn. Approximately 1,800 acres of those acres are in Dearborn. This master-planned community is a national model of aesthetic and economic success, characterized by its preservation of the environment, award-winning architecture, and full complement of world-class amenities.

The 200,000 square-foot Ford Community and Performing Arts Center continues to prosper. It opened in the summer of 2001 and received national recognition for its design. The structure is the largest municipal-owned facility of its kind in North America and continues to grow in popularity, welcoming approximately 800,000 visitors last year and now boasting an average of about 9,000 members. This popularity is producing operating revenues that are greater than expenses. From a cultural, a community, and a financial perspective, this Center is everything the City had hoped for and more.

Central Dearborn is attractively designed, continues to develop, and is a very desirable location for professional businesses and living.

User Paid Parking System

The City recently implemented a user paid parking system in West Dearborn. The system is designed to generate revenue to pay for the debt services payment on the bonds issued for construction of the decks as well as the cost of maintaining the decks. User paid parking is a fair and equitable way of meeting parking needs without burdening the taxpayers of the City with the cost of maintaining the lots and decks for private businesses. The parking decks are needed to accommodate the increased traffic expected once the downtown area revitalization is complete. The rates charged by the City of Dearborn are very reasonable when compared to neighboring communities.

A proposal to stop user paid parking will be on the ballot in the November 2006 election. If the paid parking system is eliminated, the City will need to reallocate resources to pay for the maintenance as well as the debt service on the bonds. This could impact some of the services that are currently provided and could result in reductions in or even the elimination of certain services. Every tax dollar that is used for parking is one less tax dollar available to maintain the high level of services that the City of Dearborn is known for.

Additional parking decks may be built if demand and/or future developments with higher density are initiated.

Underutilized Industrial Land

The City of Dearborn has little undeveloped property available. The City has been approached by organizations interested in locating within the community. Large parcels of property for industrial or business use are in demand. Much of the industrially zoned property was developed in the early part of the last century. Approximately 75% of industrial acreage not owned by Ford, Visteon, or Severstal North America, Inc. is considered to be underutilized or undervalued due to age or obsolescence.

The City of Dearborn is actively involved in the redevelopment of brownfield locations. A brownfield is a commercial property that is abandoned or is perceived to contain environmental contaminants prohibiting re-use or redevelopment. These properties become eyesores, decline in value, and can negatively impact the surrounding properties. The City used approximately \$500,000 in Brownfield Revolving Fund loan proceeds to successfully remediate and reopen Kielb Park. Remediation was also done at the West Village Square condominiums site currently under construction in West Dearborn during fiscal year 2006.

Property is being acquired in an area that is geographically favorable for industrial use and in close proximity to other industrial activity. This area is cut-off by freeways and major roadways from the rest of the City and is unfavorable for accessing schools. It is anticipated that the parcels will be consolidated and converted to a new use that is more suitable for the site.

Smaller new developments and redevelopments are evident throughout the City. The demand for vacant property is high. Contractors aggressively pursue and bid for limited vacant land. Developers are purchasing property with older buildings, demolishing the old structures, and building new facilities to match current use/demand. All of these initiatives show the City of Dearborn's commitment to maintaining its viability as a residential and business community.

Other Initiatives

The City has made significant upgrades in the technology used to perform daily functions. Last year the City completed the upgrade of its computer technology by replacing over 900 computer workstations as well as rebuilding the City's network infrastructure. Once that was completed, the City began a program to replace all office copiers with new models that can also be used as network printers. Many of the new copiers can be used as fax machines or scanners and also have the ability to e-mail documents easily. The cost per copy for printing to the copiers is significantly less than using a printer. The combined functionality will produce a savings in both purchase and maintenance costs.

The City's purchasing ordinance was updated this year to incorporate the use of modern purchasing practices including the use of procurement cards (P-Cards) for small dollar purchases.

The City began accepting wire transfers for the payment of taxes and is also working to implement a similar process to pay its own vendors.

Public Safety is another area that saw a number of major initiatives this year. The implementation of the new reverse call notification system allows the City to quickly deliver recorded messages to the residents via the telephone to areas as large as the entire City or as small as a single City street. The City also has a new 9-1-1 system that gives the location of calls coming in from cell phones. The Fire department recently deployed the use of thermal imaging cameras that allow firefighters to more quickly and safely find individuals caught in a fire. The

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Police department recently received grant funding to purchase a new hazardous duty robot. Police officers are now using computers in their patrol cars to file reports which allows them to remain on their beats, and eliminates the need for clerical staff to do the data entry. All of these new technologies help to keep Dearborn residents safe.

The Federally mandated Combined Sewer Overflow (CSO) project continues to be a major endeavor. A revised National Pollution Discharge Elimination System permit has been negotiated with the Michigan Department of Environmental Quality (DEQ) and required the project to be completed by 2012. Approximately half of the construction is currently underway and the next phase of construction will begin in the fall of 2007.

The City of Dearborn has implemented funding mechanisms for major asset replacement, infrastructure replacement and capital maintenance. The City Engineer has established annual funding levels for streets, sidewalks, and water and sewer line construction. Major assets such as vehicles and off-road equipment have replacement schedules that are funded on an ongoing prorated annual basis. The technological equipment replacement plan follows the same funding approach.

AWARDS

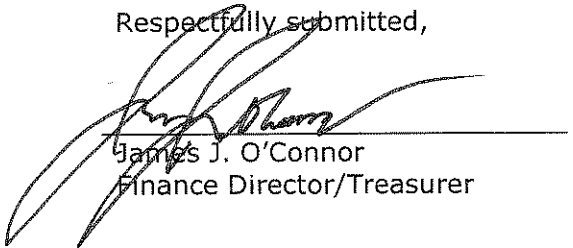
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dearborn for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2005. This was the eighth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. This report satisfies both GAAP (Generally Accepted Accounting Principles) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

Appreciation is extended to the elected officials, department heads, and other employees responsible for contributing to the sound financial position of the City. In particular, we acknowledge the special efforts of the entire Finance department as well as the staff from other departments that contributed to the development of this report.

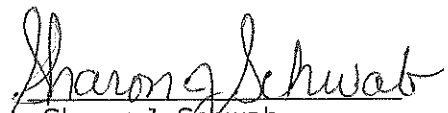
Respectfully submitted,



James J. O'Connor
Finance Director/Treasurer



Karen A. Karasinski
Deputy Finance Director



Sharon J. Schwab
Assistant Finance Director

CITY OF DEARBORN MISSION STATEMENT

PREAMBLE

Dearborn has a reputation for providing outstanding public service. For over 70 years, Dearborn citizens have benefited from a public service philosophy that has placed their well-being ahead of all other priorities. Today, because of this philosophy, providing outstanding public service is no longer a goal; it's a standard. This standard makes Dearborn a unique and special place to live and work.

Dearborn citizens have responded with a deep sense of loyalty and devotion to the city. They possess a fierce pride in its reputation and are confident in the city's ability to prosper in the future.

MISSION

Our mission is to provide the best possible public service as defined by the citizens of this community in the most efficient manner. This mission includes preserving the finest from Dearborn's past and building on past successes for the future.

GUIDING PRINCIPLES

Dearborn citizens can expect:

- ◆ The city's total commitment to provide the best possible service
- ◆ Respect and courtesy
- ◆ Fair and consistent treatment
- ◆ Cooperation and honesty
- ◆ Open communication and easy accessibility
- ◆ Our constant readiness to help

City employees can expect:

- ◆ Trust, respect, honesty, and fairness
- ◆ The basic resources needed to do a good job
- ◆ Clear and complete direction when necessary
- ◆ A supportive environment that encourages input on what should be done and how it should be done
- ◆ Recognition and reward based on merit

City employees are expected to:

- ◆ Make a total commitment to provide the best possible public service
- ◆ Use all available resources efficiently and effectively
- ◆ Continuously seek ways to improve service delivery through innovation
- ◆ Continuously seek feedback from citizens
- ◆ Be responsible and accountable for their actions
- ◆ Ask for training when necessary
- ◆ Challenge the status quo if they believe that service delivery can be improved
- ◆ Value, support, and respect co-workers as teammates

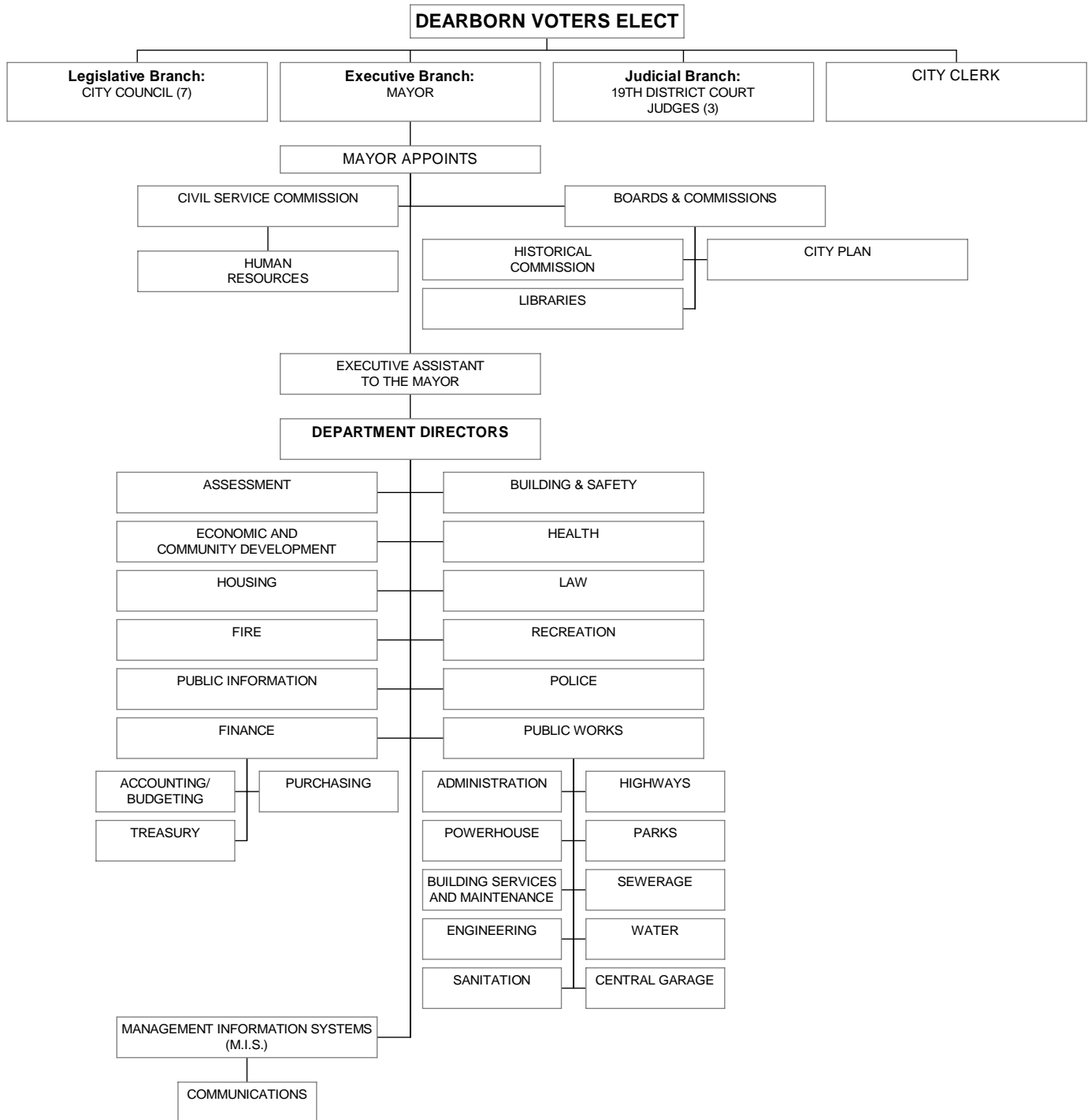
The city administration will:

- ◆ Foster cooperation and teamwork between employees and citizens
- ◆ Evaluate every action based on its value to our citizens
- ◆ Work with other public agencies to obtain the most benefits for our citizens
- ◆ Attract citizens dedicated to Dearborn and its future
- ◆ Continually strive to improve our efficiency and effectiveness

CITY OF DEARBORN



DEARBORN'S ORGANIZATION CHART



CITY OF DEARBORN, MICHIGAN

List of Principal Officials

June 30, 2006

TITLE	NAME
Mayor	Michael A. Guido
City Clerk	Kathleen Buda
City Council President	John B. O'Reilly, Jr.
Council President Pro Tem	Thomas P. Tafelski
Council Members	Nancy A. Hubbard
	Douglas P. Thomas
	Suzanne Sareini
	Mark Shooshanian
	Robert A. Abraham
Building & Safety Director	David J. Norwood
City Assessor (Acting)	Bonnie L. Ordus
City Engineer	Godfrey A. Udoji, P.E.
City Librarian	Maryanne Bartles
City Planner	John J. Nagy
Corporation Counsel	Debra A. Walling
Economic & Community Development Director	Barry Murray
Mayor's Chief of Staff	Mark G. Guido
Finance Director/Treasurer	James J. O'Connor
Human Resources Director	Valerie Murphy-Goodrich
Manager Information Systems	Doug Feldkamp
Purchasing Agent (Interim)	Karen Karasinski
Fire Chief	Nazih Hazime
Health Director	Joan Gumkowski
Housing Director	Floyd Addison
Museum Chief Curator	Kirt Gross
Police Chief	Michael Celeski
Public Works Director	Kurt A. Giberson
Public Information Director	Mary Laundrouche
Recreation Director	Greg Orner

Independent Auditor's Report

To the Honorable Mayor and Members
of the City Council
City of Dearborn, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dearborn, Michigan as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dearborn, Michigan as of June 30, 2006 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, retirement system schedules of funding progress and employer contributions, and the General Fund budgetary comparison schedule as identified in the table of contents are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

To the Honorable Mayor and Members
of the City Council
City of Dearborn, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dearborn's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2006 on our consideration of the City of Dearborn's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying introductory section and statistical section, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Plante & Moran, PLLC

October 6, 2006

This section of the City of Dearborn's annual financial report represents our discussion and analysis of the City's financial performance during the fiscal year that ended June 30, 2006. It should be reviewed in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets (on page 19) and the Statement of Activities (on pages 20 and 21) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 22. These statements tell how services were financed in the short term as well as what remains for future spending for governmental activities. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the City as a whole begins on page 19. One of the most important questions asked about the City's finances is: "Is the City as a whole better or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets – the difference between assets and liabilities – as one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, such as changes in the City's property tax base and the conditions of the City's roads, to assess the overall health of the City.

In the Statement of Net Assets and the Statement of Activities, we divide the City into three kinds of activities:

Governmental activities – Most of the City's basic services are reported here including police, fire, public works, recreation and the general administration. Property taxes, franchise fees, and state-shared revenues finance most of these activities.

Business-type activities – For these activities, the City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water and sewer system, golf course, housing, and parking system activities are reported here.

Component units – The City includes four separate legal entities in its report – the East and West Dearborn Downtown Development Authorities, the Brownfield Development Authority and the Economic Development Corporation. Although legally separate, these “component units” are important because the City is financially accountable for them.

Reporting the City's Most Significant Funds

Fund Financial Statements

Our analysis of the City's major funds begins on page 22 and provides detailed information about the most significant funds; not the City as a whole. The City's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental **activities** (reported in the Government-wide Statement of Net Assets and the Government-wide Statement of Activities) and governmental **funds** in a reconciliation following the fund financial statements.

Proprietary funds – When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Government-wide Statement of Net Assets and the Government-wide Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements with more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services to the City's other programs and activities. The activity of the internal service funds is eliminated in the government-wide statements to avoid any “doubling up” in reporting revenues and expenses.

The City as Trustee

Reporting the City's Fiduciary Responsibilities

The City is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust agreement can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 34 and 35. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

City of Dearborn, Michigan

Management's Discussion & Analysis June 30, 2006

The City as a Whole

The following table reflects the condensed Statement of Net Assets compared to prior year:

Table 1
Net Assets
(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY2006	FY2005	FY2006	FY2005	FY2006	FY2005
Current and other assets	\$ 102.2	\$ 104.8	\$ 60.9	\$ 74.0	\$ 163.1	\$ 178.8
Capital assets	134.2	129.9	225.7	174.6	359.9	304.5
Total assets	<u>236.4</u>	<u>234.7</u>	<u>286.6</u>	<u>248.6</u>	<u>523.0</u>	<u>483.3</u>
Long-term liabilities	33.4	40.5	88.5	72.3	121.9	112.8
Other liabilities	13.7	10.4	16.1	17.3	29.8	27.7
Total liabilities	<u>47.1</u>	<u>50.9</u>	<u>104.6</u>	<u>89.6</u>	<u>151.7</u>	<u>140.5</u>
Net assets:						
Invested in capital assets, net of debt	107.8	100.5	133.9	102.1	241.7	202.6
Restricted	31.3	10.3	17.4	38.5	48.7	48.8
Unrestricted (deficit)	50.2	73.0	30.7	18.4	80.9	91.4
Total net assets	<u>\$ 189.3</u>	<u>\$ 183.8</u>	<u>\$ 182.0</u>	<u>\$ 159.0</u>	<u>\$ 371.3</u>	<u>\$ 342.8</u>

Net assets serve as an indicator of the City's financial position. The table above indicates that the City of Dearborn assets exceeds liabilities by \$371.3 million as of June 30, 2006. The largest category of net assets is represented by the investment in capital assets, net of outstanding debt. It is important to note that these assets are not available for future spending and although they are shown here net of related debt, other resources will be needed to make the debt payments in the future.

The second category of net assets is defined as those that have external restrictions that dictate how the assets are to be used.

The final category of net assets is unrestricted and these are the assets that are available for use in the City's ongoing operations.

Table 1 Comments:

Total Primary Government net assets increased 8.3% or \$28.5 million from \$342.8 million to \$371.3 million. Of this change \$5.5 million is related to Governmental Activities and is attributed to the increase in capital assets as explained in table 3 below. The remaining \$23 million in the Business-type Activities is related to construction on the federally mandated Combined Sewer Overflow (CSO) project.

Governmental activities - Total assets increased .7% or \$1.7 million from \$234.7 million to \$236.4 million. The increase in capital assets of \$4.3 million is offset by a decrease of \$2.6 million in other assets. The decrease in other assets represents the difference between the reduction in cash and the increase in the land inventory at year-end. The reduction in total liabilities of \$3.8 million represents the debt service payments made on outstanding bonds.

City of Dearborn, Michigan

Management's Discussion & Analysis June 30, 2006

Business-type activities - The most significant change in business-type activities is related to capital assets and long-term liabilities associated with the CSO project. Tables 3 and 4 provide more information on capital assets and long-term liabilities. Restricted net assets are primarily resources associated with the CSO Project.

The following table reflects the condensed Statement of Activities.

Table 2
Changes in Net Assets
(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY2006	FY2005	FY2006	FY2005	FY2006	FY2005
Revenues						
Program revenues:						
Charges for services	\$ 19.4	\$ 18.7	\$ 39.8	\$ 35.9	\$ 59.2	\$ 54.6
Operating grants	11.2	9.5	-	-	11.2	9.5
Capital grants	4.9	4.2	7.1	9.7	12.0	13.9
General revenues:						
Taxes	72.8	71.5	3.2	-	76.0	71.5
Intergovernmental revenue	10.0	10.2	-	0.1	10.0	10.3
Investment earnings	3.8	2.1	2.0	1.3	5.8	3.4
Other general revenues	(0.1)	(1.0)	1.1	0.2	1.0	(0.8)
Total revenues	<u>122.0</u>	<u>115.2</u>	<u>53.2</u>	<u>47.2</u>	<u>175.2</u>	<u>162.4</u>
Program expenses						
General government	18.0	19.9	-	-	18.0	19.9
Public safety	53.9	50.3	-	-	53.9	50.3
Public works	15.7	16.0	-	-	15.7	16.0
Health & welfare	1.0	1.0	-	-	1.0	1.0
Recreation & culture	20.9	20.3	-	-	20.9	20.3
Community improvement	3.0	3.5	-	-	3.0	3.5
Interest on long-term debt	1.2	1.3	-	-	1.2	1.3
Housing	-	-	3.3	3.1	3.3	3.1
Parking	-	-	0.6	0.5	0.6	0.5
Golf course	-	-	1.6	1.6	1.6	1.6
Sewer	-	-	16.7	17.9	16.7	17.9
Water	-	-	10.7	11.1	10.7	11.1
Total expenses	<u>113.7</u>	<u>112.3</u>	<u>32.9</u>	<u>34.2</u>	<u>146.6</u>	<u>146.5</u>
Excess (deficiency) before special items & transfers	8.3	2.9	20.3	13.0	28.6	15.9
Transfers	(2.8)	(0.7)	2.8	0.7	-	-
Increase (decrease) in net assets	<u>\$ 5.5</u>	<u>\$ 2.2</u>	<u>\$ 23.1</u>	<u>\$ 13.7</u>	<u>\$ 28.6</u>	<u>\$ 15.9</u>

Table 2 Comments:

Governmental activities – Governmental activities increased the City's net assets by \$5.5 million which represents about 19% of the total increase in net assets for the year. Overall governmental revenues increased by 6% or 6.8 million. Property tax collections increased by \$1.3 million over 2005 in part due to Board of Review adjustments and State Tax Commission Orders. Higher interest rates also produced favorable results, increasing investment earnings by \$1.7 million dollars. Finally, the City received additional grant funding for Homeland security, infrastructure and Brownfield development projects. Total governmental expenses saw only a slight increase of 1.2% or \$1.4 million overall. It is important to note that the costs in public safety increased by

City of Dearborn, Michigan

Management's Discussion & Analysis June 30, 2006

\$3.6 million dollars but was offset by reductions in most of the other functional areas resulting in the overall increase of \$1.4 million.

Business-type activities – Business-type activities increased the City's net assets by \$23.1 million which represents almost 81% of the total increase in net assets for the year. Total revenues increased 12.7% for a two reasons. First, the combined water and sewer rates increased by about 9% over the prior fiscal year which resulted in almost \$4.0 million dollars in additional revenue. Also, this is the first year that the City collected taxes levied for the payment of the CSO bonds, as approved by the voters in August 2004. The amount reported in fiscal year 2006 is \$3.2 million. The decrease in business-type expenses is due to a reduction in the rates charged by Detroit Water & Sewer Department (DWSD) for the purchase of water and to the reduction of consumption in the sewer fund.

General Fund Budgetary Highlights

Over the course of the year, the Mayor and City Council revised the City budget. The budget is automatically amended with the carry-forward of project-life budgets and for encumbrances rolling to the following fiscal year. The budget is also amended by resolution for specific requests, generally for items that were intended to be completed or expended in the previous fiscal year but for some extenuating circumstance were postponed. During the fiscal year, the budget is amended for unanticipated events that could not be foreseen and for opportunities that arose and weren't known previously. Even with these adjustments, the actual charges to appropriations (expenditures) were approximately \$5.0 million below the final budget amount. There are no individual items that are significant enough to explain the difference between the final budget and the actual expenditures, but rather it should be viewed as the result of the departments' efforts to be conscientious of all costs incurred and to look for ways to save the City money.

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2006, the City had approximately \$360 million invested in a broad range of capital assets, including vehicles, police and fire equipment, buildings, park facilities, roads, bridges and water and sewer lines. (See Table 3 below.)

Table 3
Capital Assets at Year-end
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY2006	FY2005	FY2006	FY2005	FY2006	FY2005
Land	\$ 3,616,664	\$ 4,391,264	\$ 5,142,173	\$ 5,142,173	\$ 8,758,837	\$ 9,533,437
Right-of-ways	37,818	37,818	-	-	37,818	37,818
Construction in progress	4,128,479	3,104,307	142,931,545	95,605,713	147,060,024	98,710,020
Infrastructure assets	39,937,483	36,117,661	-	-	39,937,483	36,117,661
Buildings & improvements	75,970,698	77,239,437	9,960,926	10,583,085	85,931,624	87,822,522
Machinery & equipment	10,465,001	8,978,551	1,200,114	1,276,983	11,665,115	10,255,534
Water system	-	-	39,961,135	35,202,288	39,961,135	35,202,288
Sewer system	-	-	26,474,784	26,744,129	26,474,784	26,744,129
Total	\$ 134,156,143	\$ 129,869,038	\$ 225,670,677	\$ 174,554,371	\$ 359,826,820	\$ 304,423,409

City of Dearborn, Michigan

Management's Discussion & Analysis June 30, 2006

Table 3 Comments:

This year's major changes included:

Governmental activities:

Land:

Andiamo's/Chicago Road House	\$ (1,672,594)
------------------------------	----------------

Machinery & Equipment:

Technology and Equipment	1,326,867
Vehicles	2,047,185

Construction in Progress:

HFCL Parking Lot (completed project)	(579,727)
HFCL Carpet Replacement	283,635
DPW Bldg Roof Replacement	392,348
Camp Dearborn Comfort Station 4 Replacement	538,440

Infrastructure assets, net increase due to cost less depreciation	3,819,822
---	-----------

Buildings and improvements, net change due to completed projects less depreciation	(1,429,429)
--	-------------

Business-type activities

Land:

Parking System net additions	614,088
------------------------------	---------

Construction in progress (net change)

Parking Systems	1,493,329
Sewer Fund	48,120,102
Water Fund	(2,287,600)
	<hr/> 47,325,832

Buildings and improvements, net change due to completed projects less depreciation	(373,966)
--	-----------

Additional information on the City of Dearborn's capital assets can be found in Note 3 on pages 57-59 of this report.

City of Dearborn, Michigan

Management's Discussion & Analysis June 30, 2006

Debt

At fiscal 2006 year-end, the City had approximately \$118.7 million in bonds and notes outstanding versus \$102.6 last fiscal year – an increase of 16% - as shown in Table 4.

Table 4
Outstanding Debt, at Year-end
(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY2006	FY2005	FY2006	FY2005	FY2006	FY2005
General obligation bonds (backed by City)	\$ 27,217,946	\$ 30,489,918	\$ 68,401,337	\$ 47,132,660	\$ 95,619,283	\$ 77,622,578
Revenue bonds and notes (backed by specific tax and fee revenue)	\$ -	\$ -	\$ 23,052,972	\$ 24,953,267	\$ 23,052,972	\$ 24,953,267
Total	\$ 27,217,946	\$ 30,489,918	\$ 91,454,309	\$ 72,085,927	\$ 118,672,255	\$ 102,575,845

On September 12, 2005, the City of Dearborn and the Michigan Municipal Bond Authority entered into an agreement whereby the City of Dearborn would issue, and the Michigan Municipal Bond Authority would purchase, up to \$72,895,000 in principal of General Obligation Sewer Bonds, Series 2005 (Unlimited Tax General Obligation) for the construction of the Combined Sewer Overflow project. The City is obligated to pay interest at 1.625 percent per annum commencing April 1, 2006 and semiannually thereafter. The first principal payment is due April 1, 2009 and will continue to be due April 1 through 2028.

On April 25, 2006 the City of Dearborn issued \$2,475,000 in general obligation limited tax refunding bonds (taxable) with interest rates that range from 5.5% to 5.8%. The proceeds from these bonds along with an additional contribution from the General Fund, were used to advance refund \$3,650,000 of outstanding 2004 Capital Improvement Bonds, Series A (non-taxable). The net proceeds of \$3,604,631 (net of underwriting fees and issuance costs) were used to purchase U.S. Certificates of Indebtedness – State and Local Government Securities (SLGS). Those securities were deposited into an irrevocable trust with an escrow agent and will be used to pay off the bonds as they become due.

In addition the City continues to draw down SRF funds authorized in prior years for construction of the CSO project resulting in increased debt in the Sewer fund.

Additional information on the City of Dearborn's long-term debt can be found in Note 4 on pages 60-65 of this report.

Fiscal Year 2007 Budgets & Rates

All fund budgets, as submitted, are balanced and financed by either current estimated revenues or fund equity. The total of the General Fund expenditure budget is \$111,897,552 and the combined expenditure budget for all funds, before the elimination of inter-fund duplicating transfers, is \$201,812,816.

City of Dearborn, Michigan

Management's Discussion & Analysis June 30, 2006

The operating and the garbage and rubbish millage combined rates are equal to the previous fiscal year at 14.75 mills. The November 1996 voted debt millage rate increased from .40 mills to .52 mills and the August 2004 voted debt millage rate increased from .71 to .78 mills. The net total millage rate is .19 mills higher than the last fiscal year at 16.05 mills.

The City of Dearborn combined water and sewer rate increased 12.6%. The increase in rates from the City of Detroit and capital infrastructure projects are the drivers of the increase. The Combined Sewer Overflow (CSO) projects and the continued replacement of aging systems may influence rates in the future.

Table of Major Revenue Rates

Description	Fiscal Year 2005-2006	Fiscal Year 2006-2007	Difference
Tax Millage Rate:			
City Operating	13.6275	13.6275	.0000
Garbage & Rubbish	1.1225	1.1225	.0000
Debt Service	1.1100	1.3000	.1900
Total Millage Rate	15.8600	16.0500	.1900
Water Rate	12.15	14.15	2.00
Sewer Rate	20.48	22.58	2.10

Major Capital Initiatives

The 2006-2007 funding of the Capital Improvement Plan is \$15,542,341. The City is reinvesting in infrastructure and public assets. A classification breakdown follows with some notable projects specifically identified. The projects are supported by various funds including the General Fund via the General Capital Improvement Fund, Drug Law Enforcement Fund, Community Development Block Grant Fund, Major and Local Street Funds, and the Water and Sewer Funds.

Property - \$1,000,000

- ♦ Brownfield Redevelopment \$ 500,000
- ♦ Operation Eyesore 500,000

Infrastructure - \$10,293,000

- ♦ Streets 4,374,655
- ♦ Water 4,041,265
- ♦ Sewer 777,080
- ♦ Sidewalk 1,100,000

City of Dearborn, Michigan

Management's Discussion & Analysis June 30, 2006

Facilities - \$3,547,868

◆ Facility Deficiencies	1,000,000
◆ ADA Compliance	79,904
◆ Parks	726,052
◆ Sewerage Facilities	1,165,920
◆ Other Facility Projects	575,992

Other - \$701,473

◆ Other and Contingency	701,473
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Redevelopment

The City is periodically contacted with requests to identify large parcels of land. It has been difficult to meet the demand and too often opportunities are foregone. Underutilized property exists within the City and there are efforts to assemble parcels for development. Some of the property may require environmental remediation to address previous industrial use contamination issues. This strategic effort is speculative and will involve the investment of resources for several years. The demand for property is consistent and the investment is expected to be low-risk but not expected to yield immediate return. The effort is focused on long-term positioning and not on short-term return. It is very important that underutilized property be reconditioned and returned to its highest applicable use capacity.

General Fund - Estimated Revenues

The General Fund \$111,897,552 expenditure budget is financed by income of \$102,590,981 and fund balance of \$9,306,571. The use of fund balance is directly related to the state of the economy and the municipal finance model not producing revenue increases that keep pace with personnel benefit cost increases. Many efforts have been made to control costs and will continue for at least the coming year. The Mayor and Council agreed that they would continue to take the time to make wise decisions.

Property taxes and related sources total \$70,071,808, a decrease of \$117,568 or .17% over the previous year's budget. Property taxes and related sources account for 68% of total General Fund revenues. Ad valorem real property values in comparison to ad valorem personal property values have shifted from a 70/30 mix in the early 1990s to a current 83/17 mix. Prior to fiscal year 2004 (tax year 2003), personal property was the second largest tax base and now it is third. Residential property is the largest taxable property value and has produced the greatest return, however we must recognize that growth is limited. Residential property equates to 49.79% of the ad valorem property value which is the highest percentage of any single property classification and up from 38.62% in 1995 with the implementation of Proposal "A". The following paragraphs will cover the State mandated changes that have reduced or limited property tax revenues.

This is the seventh year of the State Tax Commission revised depreciation personal property multiplier tables and again, personal property taxes decreased. Personal property taxable values correspondingly have decreased the past seven years as follows: 11.14% for fiscal year 2007, 2.88% for fiscal year 2006, 5.38% for fiscal year 2005, 3.91% for fiscal year 2004, 6.26% for fiscal year 2003, 8.9% for fiscal year 2002, and 3.76% for fiscal year 2001. These depreciation tables continue to decrease taxable personal property value in a more rapid fashion than the

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previously used tables. In other words, this revenue source has experienced large reductions and will continue to decline. The revenue could stabilize if businesses invest in new personal property that offsets the faster depreciation amounts. A good economy hides some of the impact of the new tables but in a slow economy, the effect of new tables is even more evident. The City Assessor continues contracting for the audit of personal property returns for oversight of the reporting entities.

The 3.3% real property growth inflation factor for tax year 2006 set by Proposal "A" of 1994 limited the growth of the largest property classification. In recent years, the low interest rates combined with demand for property provided some relief with the turnover of property in the uncapping of values. However, this trend will not continue as interest rates begin to rise and turnover of property decreases. The difference between Taxable Value and State Equalized Value, multiplied by the current tax rate, would yield increased annual tax revenues in excess of \$10,000,000. This property tax limitation law has dramatically affected City revenues.

State Shared Revenue is the next largest single revenue for the General Fund and is estimated at \$9,884,297, which is \$31,459 less than the previous year's budget and equal to what is projected for fiscal year 2006. State Shared Revenue is exclusively funded by sales tax. Income tax, single business tax, and inventory reimbursements were legislatively discontinued from distribution to local units of government after fiscal years 1997, 1996, and 1999 respectively. The State Constitution limits the sales tax rate to 6% and dedicates taxes levied at the rate of 2% to the State School Aid Fund. The State Constitution mandates that 15% of total revenues collected from sales taxes levied at a rate of 4% be distributed to townships, cities, and villages. In addition to the constitutional distribution, there is a statutory distribution of sales tax. The State Shared Revenue distribution formula was revised four years ago with an emphasis on population. The new formula is phased in over 10 years. The 2000 Census figures are a very important component of the calculation for Dearborn. The Dearborn population grew 10% or 8,489, from 89,286 (1990) to 97,775 (2000) per the U.S. Census. The State has not fully funded, by appropriation, the statutory distribution formula and has used these reductions to help balance the State's budget. The continued slow economy with no growth in sales tax revenues available for distribution to local governments and the State's decision to not fund distributions per the formula are significant concerns.

Property taxes and Intergovernmental Revenues (mostly State Shared Revenue) account for 79% of the General Fund revenue budget. The remaining revenues are important but not of the same magnitude.

Charges for services are estimated at \$9,440,788, which is a decrease of \$329,609. Building and Safety commercial inspection revenue was reduced by \$280,000 to reflect recent trends, Recreation theater revenue was decreased by \$69,600 to more accurately reflect professional season ticket sales, and Recreation pass holder revenue was decreased by \$98,400 with the loss of Visteon corporate sales.

Licenses and permits are estimated at \$2,453,550, which is a decrease of \$221,500. Building and Safety commercial and mechanical permits were reduced \$138,000 and \$169,000 respectively to reflect recent trends.

Fines and forfeits are estimated at \$3,011,350, which is an increase of \$275,850 from fees and trends at the 19th District Court.

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Interest income from investments is estimated at \$3,100,000, which is an increase \$2,342,047 or 309% from the previous year. The previous year interest income was estimated conservatively at \$757,953 and is projected to be \$2,600,000 and interest rates are slowly increasing.

General Fund - Expenditure Appropriations

The adopted expenditure appropriation for fiscal year 2005-2006 was \$105,442,492 and in fiscal year 2006-2007 it is \$111,897,552. The net increase is \$6,445,060 for all operating costs. The table below displays the changes by expenditure classification.

	FY06 Adopted Budget	FY07 Adopted Budget	Difference	Percent Change
Personnel services	\$ 79,311,652	\$ 82,156,291	\$ 2,844,639	3.6%
Operating expenses	16,953,342	17,668,208	714,866	4.2%
Supplies	2,868,123	3,394,541	526,418	18.4%
Utilities	3,685,607	4,289,219	603,612	16.4%
Capital Outlay	922,772	915,216	(7,556)	-0.8%
Debt service	1,715,722	1,716,933	1,211	0.1%
Transfers out	2,377,500	4,614,236	2,236,736	94.1%
Undistributed appropriations	944,398	874,110	(70,288)	-7.4%
Expenses allocated out	(3,336,624)	(3,731,202)	(394,578)	11.8%
Total	<u>\$ 105,442,492</u>	<u>\$ 111,897,552</u>	<u>\$ 6,455,060</u>	6.1%

Personnel Services

Salaries, wages, and benefits account for 73.4% of the total General Fund expenditure budget. The 3.6% increase is primarily the result of increasing salary and wage costs. Salaries and wages increased \$1,783,814 or 3.4%. Based on fiscal year 2006 organizational structure, eighteen positions were reduced in the General Fund and then in fiscal year 2007 the Central Garage Fund was closed and a new division was created in the Department of Public Works with a reallocation of twelve positions. This resulted in a net reduction of six General Fund positions for 2007 and 106 full-time positions eliminated for a five-year City-wide cumulative total. Benefit costs increased \$1,060,825 or 3.9%. The major benefits increase is pension funding at \$1,581,496 however this increase was tempered by reductions in post-retirement health care and employee insurance costs.

The position changes noted above do not include positions reduced after employees signed up for the early out retirement program. In July 2006 a budget amendment was adopted by City Council eliminating an additional sixteen General Fund positions.

Operating Expenses

The category of operating expenses includes contractual and professional services, repair and maintenance services, printing and publishing, training and transportation, rentals, community promotion and communications. City departments have done excellent work in decreasing operating costs. Most departments have reduced staff and are restructuring in varying degrees. The Central Garage Fund was closed this year and the operating budget is now a Department of Public Works division in the General Fund. The increases in this area are mainly for consulting

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services such as \$100,000 for personal property tax audits mentioned earlier in this memo, \$250,000 for appraisal services related to cases at the Michigan Tax Tribunal, and \$100,000 for a health/welfare employee benefit consultant.

Supplies

Supplies increased \$526,418 or 18.4% from fiscal year 2006. The increases were in a variety of areas including \$322,673 for fuel, \$28,934 for vaccine at the Health Department, \$29,212 for police uniforms, and \$71,125 for bituminous paving mixture.

Utilities

Utilities increased \$603,612 or 16.4% to account for the increases in natural gas for heating.

Capital Outlay

Vehicles, equipment, computers, and copiers are paid for on an ongoing basis as part of the operating budget. Money is accumulated or borrowed for replacements. Each department pays an annual amount to cover replacement costs.

The following listing summarizes capital outlay by classification of expenditure.

Library Materials	\$ 670,000
Data Processing	\$ 66,500
Radio	\$ 65,000
Operating Equipment	\$ 98,816
Traffic Control Equipment	\$ 14,900

Resources are allocated for capital in every budget cycle to prevent the deferring of capital reinvestment. The approach consistently applied is to fund asset replacements on an ongoing basis. Typically, there is a schedule of assets with a replacement rotation on a level funding basis or the accumulation of resources for mass replacement. This depends on the type of asset and the best overall approach for the asset type. The Capital Improvement Fund is provided an allocation annually for significant capital repairs, replacements, and renovations. An extensive Facilities Study has been performed and the results are used to prioritize projects. Combining these approaches with preventative maintenance helps to maintain assets in good condition, extend useful life, and manage costs.

Debt Service

Debt Service represents lease payments to the Building Authority or direct payments for debt service. The Court & Police building payments are \$923,550. The lease for the Powerhouse renovation, the Ford Woods Park reconfiguration, and the additional ice surface for the Dearborn Ice Skating Center is \$793,383. When possible, debt is refinanced for lower interest rates.

Transfers out

Transfers out are in support of operating activities or capital projects. The following list represents contributions and purpose:

Contribution to Designated Purposes	\$ 68,000	Homecoming, Memorial Day, Wellness
Contribution to Camp Dearborn	\$ 250,000	Support of Operations
Contribution to Camp Dearborn	\$ 275,000	Support of Capital Investment

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Contribution to Local Streets	\$ 200,000	Support of Capital Investment
Contribution to Capital Improvement	\$2,872,488	Capital project financing
Contribution to West Dearborn Parking	\$ 448,748	Operating Subsidy
Contribution to Fleet & Gen. Liability	\$ 500,000	Tax Settlement Reserve

Undistributed Appropriations

Undistributed appropriations are comprised of a \$750,000 contingency for the General Fund non-departmental and \$124,110 miscellaneous department contingencies. The contingency account is used to budget for risk. Historically, if a department were aware of an event that could occur in the following year, a budget would have been requested for that event. This resulted in many budget items to handle "what if" situations in a single department. All of these "what if" situations are being combined to a lower number that will handle some, but not all, of the situations. The expectation is that not all of the events will occur or result in costs.

Expenses Allocated Out

Expenses allocated out are the result of services provided directly to other funds, mostly by the Highways Division of Public Works to the Major and Local Street Funds. These are credits to the General Fund and charges to the other funds. Credits will vary depending on projects scheduled, funding levels, and the actual inter-fund activity.

General Fund - Equity

The fund balance of the General Fund is budgeted to absorb \$9,306,571 per the 2006-2007 adopted budget. Bond rating agencies consider the fund balance as a component in establishing a rating. The City of Dearborn has received good ratings in part due to a healthy balance sheet. The 2006-2007 budget reflects planned usage of the fund balance in order to provide the time needed to adjust operations in the best possible manner. The departments are continuing to propose adjustments to align appropriations with revenues. The City will continue its historical commitment to good financial management.

Unexpended "project life" appropriations from the current fiscal year do not lapse at fiscal year end and are committed to the project. In order to prevent the re-budgeting of resources, these budgets, in essence, are reserved. This is a standard practice across all funds.

As a mature community, Dearborn must reinvest in and promote itself to preserve Dearborn as an attractive place to live and work for a wide mix of people from various socio-economic and ethnic groups. As previously mentioned, there are projects planned that will have a long-term beneficial effect on the long-term well-being of the community.

Future Financial Challenges

Vision and good planning are necessary to position the City for the future. Proposal "A" of 1994, the Headlee Tax Millage Rollback Amendment, and the "built out" land status all contribute to limiting tax revenue growth. The State's reduction in revenue sharing to municipalities is most unfavorable. Combining these challenges with the impact of the slow economy on other revenues and also causing some expenditures such as pension contributions to increase, makes for a very difficult situation. For fiscal year 2008, the Mayor and Council are aware that some continued downsizing will be necessary.

To hedge the financial challenges impact on the future, the City Leaders adopted a redevelopment strategy directed at rejuvenating brownfields and critical areas that will ensure the long-term success of the community. Among the many side benefits will be an improvement to the community in which we live. Also, the Ford Community & Performing Arts Center gives Dearborn a competitive advantage for attracting residents. When combined with other advantages such as good schools, good employers and employment opportunities, proximity to a major airport, major highways, and education centers, Dearborn is strategically well positioned. However, given the revenue growth restrictions already mentioned, fiscal responsibility and operational effectiveness/efficiencies will need to be primary focuses of every person working at the City.

Other Governmental Fund Types

This section addresses issues concerning other fund types and is not intended to be a detailed review of all these funds. Major and Local Street Funds rely on State Gas & Weight Tax revenue. The FY2007 estimated Gas & Weight Tax revenue budget for both funds combined decreased 6.5% or \$431,785 less than FY2006. House Bill 4082, Public Act 141 of 2005 was signed by the Governor on September 29, 2005. The effect of this act will be to redirect service and transfer fee revenues away for Michigan Transportation Fund to the Transportation Administration Collection Fund. This money will not be sent to local communities any more. The Department of Treasury shall use these resources to defray the costs of collecting motor fuel taxes. The Local Street Fund operating transfers in of \$3,230,365 includes \$2,770,000 contribution from the Major Street Fund, \$260,365 from the Community Development Block Grant Fund, and \$200,000 from the General Fund. Both funds have the financial capacity to maintain and rebuild the roads, as proposed, in the coming fiscal year. If actual revenues fall below budget, some construction work may need to be postponed. The fund balance of the Major Street Fund and Local Street Fund is budgeted to help support the scheduled projects.

The proposed budget includes a \$525,000 contribution from the General Fund to the Camp Dearborn Operating Fund. This includes \$250,000 for an operating subsidy and \$275,000 for capital investment. The Capital Improvement Plan includes capital support for the Camp for the next couple years.

The grant revenue from the Community Development Block Grant Fund is projected to be \$2,095,167, which is \$246,020 less than FY2006.

The November 1996 voted Civic Center Unlimited Tax General Obligation Bonds for \$23,860,000 were issued June 11, 1998. The tax millage rate for fiscal year 2006-2007 is .52 mills for debt service to pay the principal and interest payments on these bonds. This rate increased .12 mills from last year.

The General Capital Improvement Fund is primarily financed by contributions from other funds. The Capital Improvement Plan is included in this document and presents both projects in progress and scheduled projects.

Proprietary Fund Types

Parking System

The East and West Parking System Funds are merged and reported as a single fund for financial reporting. These funds account for the operations and capital projects of the parking systems. These funds are budgeted to be self-supporting in all respects with the West Parking System implementing user paid parking as part of this budget. The \$11,926,345 projected retained earnings is the result of debt-financed parking improvements including two decks that will be depreciated over time. The liquid retained earnings are expected to be sufficient for working capital only.

Housing

The Seniors Apartment Operating Fund is budgeted to contribute \$229,850 to retained earnings. The working capital and equity of the fund are both financially healthy. The Dearborn Towers Fund is budgeted to use \$33,734 of retained earnings to fund operations. This fund has sufficient operating working capital but lacks resources for major capital re-investment in the facility.

Golf Course

The operation continues to be successful and is an independent going concern. All debt payments and liabilities are paid by the income from operations.

Utility Funds

Water rates and sewer rates are set by ordinance and the budget revenue estimates are based on the assumptions listed in the table earlier in this memo. The revenues support operations, maintenance, and system replacements. The funds are operating on a "pay as you go basis" and are not building much excess reserves. The City Engineer has established a target infrastructure investment amount for each system and efforts are made to fund the capital projects at this level.

A ballot proposal was approved in August 2004 authorizing the City to issue debt (bonds and low interest State Revolving Fund (SRF) loans) in an amount not to exceed \$314.12 million to fund the federally mandated Combined Sewer Overflow (CSO) project. Contracts were awarded in prior years for the first two phases and construction is currently underway. In addition, the City of Dearborn is finalizing the construction contract for the third phase of the project, Outfall 016 Storm Sewer Separation, and will be closing on the newest SRF loan in the amount of \$7.45 million in the next few weeks. This brings the total SRF funding to \$141.95 million. Open market bonds for phase one have been issued in the amount of \$24.5 million. The tax millage rate for fiscal year 2006-2007 is .78 mills for debt service to pay the principal and interest payments on these bonds.

Insurance Funds

These funds are all in good financial condition in relation to their purpose. The ever-increasing cost of health care makes it difficult to build up resources in the Post Retirement Health Care Fund for funding the long-term retiree health care liability. The City is better positioned than most and will implement the Governmental Accounting Standards Board pronouncements as scheduled for fiscal year 2007. The fund is healthy and performing to purpose but it would be growing faster if the increases in the cost of health care costs were not so substantial every year.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Department of Finance at the City of Dearborn, 4500 Maple, Dearborn, MI 48126.

City of Dearborn, Michigan

Government Wide Statement of Net Assets June 30, 2006

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Units
Assets				
Current assets:				
Cash and cash equivalents (Note 2)	\$ 46,962,372	\$ 15,683,657	\$ 62,646,029	\$ 2,830,258
Accounts Receivable (Net)	2,805,315	6,960,401	9,765,716	-
Unbilled accounts receivable	-	2,274,010	2,274,010	-
Property taxes receivable	693,290	26,824	720,114	24,834
Interest and penalties on taxes	170,986	-	170,986	-
Accrued interest receivable	765,164	397,379	1,162,543	38,428
Special assessments receivable	35,717	-	35,717	-
Internal balances	120,933	(120,933)	-	-
Due from component units	-	175,213	175,213	-
Due from other governments	5,525,380	485,032	6,010,412	-
Prepaid items	1,937,521	158,887	2,096,408	817
Inventories	9,581,821	493,845	10,075,666	-
Total current assets	68,598,499	26,534,315	95,132,814	2,894,337
Noncurrent assets:				
Advance to (from) other funds	299,667	(299,667)	-	-
Restricted cash and investments	45,832	22,108,641	22,154,473	-
Investments, long-term	33,250,271	12,627,883	45,878,154	1,445,183
Capital assets, not being depreciated (Note 3)	7,782,961	148,073,718	155,856,679	-
Capital assets, net of depreciation (Note 3)	126,373,182	77,596,959	203,970,141	-
Total noncurrent assets	167,751,913	260,107,534	427,859,447	1,445,183
Total assets	236,350,412	286,641,849	522,992,261	4,339,520
Liabilities				
Current liabilities:				
Accounts payable	4,533,156	5,066,005	9,599,161	1,506
Accrued interest payable	119,571	663,211	782,782	-
Accrued liabilities	1,525,577	149,238	1,674,815	992
Deposits/refunds payable	2,992,855	304,935	3,297,790	-
Due to other governments	570	427,451	428,021	-
Due to primary government	-	-	-	175,213
Deferred revenue	-	23,959	23,959	-
Current portion of long-term debt (Note 4)	4,522,567	3,240,229	7,762,796	-
Total current liabilities	13,694,296	9,875,028	23,569,324	177,711
Current liabilities payable from restricted assets:				
Accounts payable	-	6,239,006	6,239,006	-
Noncurrent liabilities:				
Claims payable	6,915,253	-	6,915,253	-
Other liabilities	82,785	-	82,785	-
Long-term debt, net of current portion (Note 4)	26,405,381	88,498,621	114,904,002	3,744
Total noncurrent liabilities	33,403,419	88,498,621	121,902,040	3,744
Total liabilities	47,097,715	104,612,655	151,710,370	181,455
Net Assets				
Invested in capital assets, net of related debt	107,826,375	133,916,701	241,743,076	-
Restricted for:				
Capital projects	18,151,804	10,992,727	29,144,531	-
Debt service	159,246	6,373,561	6,532,807	-
Projects, roads and other	12,894,694	-	12,894,694	-
Unrestricted	50,220,578	30,746,205	80,966,783	4,158,065
Total net assets	\$ 189,252,697	\$ 182,029,194	\$ 371,281,891	\$ 4,158,065

The notes to the financial statements are an integral part of this statement.

City of Dearborn, Michigan

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 17,970,243	\$ 3,688,843	\$ 235,889	\$ 47,301
Public safety	53,815,679	7,604,854	1,263,636	56,000
Public works	15,735,740	1,784,182	6,620,644	2,062,884
Health and welfare	1,033,980	182,536	9,609	-
Recreation and culture	20,887,064	6,138,877	1,258,922	31,868
Community improvement	3,057,027	7,692	1,831,955	2,692,760
Interest on long-term debt	1,207,120	-	-	-
Total governmental activities	<u>113,706,853</u>	<u>19,406,984</u>	<u>11,220,655</u>	<u>4,890,813</u>
Business-type activities:				
Housing	3,227,297	3,370,818	-	-
Golf Course	1,563,400	1,300,202	-	-
Parking	608,254	389,658	-	753,648
Sewer	16,737,924	19,660,321	-	6,331,185
Water	10,717,015	15,047,237	-	-
Total business-type activities	<u>32,853,890</u>	<u>39,768,236</u>	<u>-</u>	<u>7,084,833</u>
Total primary government	<u>\$ 146,560,743</u>	<u>\$ 59,175,220</u>	<u>\$ 11,220,655</u>	<u>\$ 11,975,646</u>
Component units:				
West Dearborn Downtown Development Authority	\$ 993,597	\$ -	\$ -	\$ -
East Dearborn Downtown Development Authority	455,842	-	-	-
Brownfield Redevelopment Authority	423,052	-	536,079	-
Economic Development Corporation	62,026	-	-	-
Total component units	<u>\$ 1,934,517</u>	<u>\$ -</u>	<u>\$ 536,079</u>	<u>\$ -</u>
General revenues:				
Property Taxes				
Intergovernmental revenues - Unrestricted				
Investment earnings				
Gain (loss) on sale of capital assets				
Miscellaneous				
Transfers				
Total general revenues, special items and transfers				
Change in net assets				
Net assets - beginning				
Net assets - ending				

The notes to the financial statements are an integral part of this statement.

Government Wide Statement of Activities
Year Ended June 30, 2006

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (13,998,210)	\$ -	\$ (13,998,210)	\$ -
(44,891,189)	-	(44,891,189)	-
(5,268,030)	-	(5,268,030)	-
(841,835)	-	(841,835)	-
(13,457,397)	-	(13,457,397)	-
1,475,380	-	1,475,380	-
(1,207,120)	-	(1,207,120)	-
(78,188,401)	-	(78,188,401)	-
-	143,521	143,521	-
-	(263,198)	(263,198)	-
-	535,052	535,052	-
-	9,253,582	9,253,582	-
-	4,330,222	4,330,222	-
-	13,999,179	13,999,179	-
(78,188,401)	13,999,179	(64,189,222)	-
-	-	-	(993,597)
-	-	-	(455,842)
-	-	-	113,027
-	-	-	(62,026)
-	-	-	(1,398,438)
72,786,959	3,218,635	76,005,594	1,300,362
9,967,910	-	9,967,910	-
3,761,071	2,016,375	5,777,446	180,243
(215,000)	-	(215,000)	-
127,871	1,075,790	1,203,661	250,285
(2,769,698)	2,769,698	-	-
83,659,113	9,080,498	92,739,611	1,730,890
5,470,712	23,079,677	28,550,389	332,452
183,781,985	158,949,517	342,731,502	3,825,613
\$ 189,252,697	\$ 182,029,194	\$ 371,281,891	\$ 4,158,065

The notes to the financial statements are an integral part of this statement.

City of Dearborn, Michigan

Balance Sheet Governmental Funds June 30, 2006

	General	Capital Projects	Other Governmental Funds (See page 91)	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 13,119,166	\$ 6,141,072	\$ 14,115,002	\$ 33,375,240
Accounts Receivable (Net)	2,482,757	2,000	285,251	2,770,008
Property taxes receivable	671,334	-	21,956	693,290
Interest and penalties on taxes	170,986	-	-	170,986
Accrued interest receivable	323,570	96,122	179,748	599,440
Special assessments receivable	35,717	-	-	35,717
Due from other funds (Note 5)	450,135	-	562,423	1,012,558
Due from other governments	4,138,470	-	1,386,910	5,525,380
Prepaid items	986,098	-	9,853	995,951
Inventories	4,081	9,166,598	1,860	9,172,539
Advance to other funds (Note 5)	905,309	-	-	905,309
Restricted cash and investments - Construction	-	1,000	-	1,000
Investments, long-term	20,416,228	3,784,823	5,519,641	29,720,692
Total assets	<u>\$ 43,703,851</u>	<u>\$ 19,191,615</u>	<u>\$ 22,082,644</u>	<u>\$ 84,978,110</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,630,952	\$ 419,908	\$ 1,351,332	\$ 3,402,192
Accrued liabilities	1,994,901	-	69,677	2,064,578
Deposits/refunds payable	2,550,452	-	442,403	2,992,855
Due to other governments	191	-	379	570
Due to other funds	12,400	14,261	858,313	884,974
Debt obligations	-	-	82,785	82,785
Deferred revenue	1,177,326	-	30,682	1,208,008
Claims payable	-	-	18,507	18,507
Advance from other funds	-	605,642	-	605,642
Total liabilities	<u>7,366,222</u>	<u>1,039,811</u>	<u>2,854,078</u>	<u>11,260,111</u>
Fund balances:				
Reserve for prepaid items	986,098	-	9,853	995,951
Reserve for encumbrances	1,711,763	1,576,345	7,500,046	10,788,154
Reserve for debt service	-	-	159,246	159,246
Reserve for inventory	4,081	9,166,598	-	9,170,679
Reserve for noncurrent collection of advances to other funds	905,309	-	-	905,309
Designated reserve for budgeted appropriations	8,020,449	7,408,861	9,377,031	24,806,341
Unreserved, reported in:				
General fund	24,709,929	-	-	24,709,929
Special revenue funds	-	-	2,182,390	2,182,390
Total fund balances	<u>36,337,629</u>	<u>18,151,804</u>	<u>19,228,566</u>	<u>73,717,999</u>
Total liabilities and fund balances	<u>\$ 43,703,851</u>	<u>\$ 19,191,615</u>	<u>\$ 22,082,644</u>	<u>\$ 84,978,110</u>

The notes to the financial statements are an integral part of this statement.

City of Dearborn, Michigan

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets June 30, 2006

Total fund balance for governmental funds \$ 73,717,999

Amounts reported for governmental activities in the
statement of net assets are different because:

1. Capital assets used in governmental activities are not financial
resources and therefore are not reported in the
governmental funds
Cost of assets, not depreciated \$ 7,782,961
Cost of assets, depreciated 201,498,971
Accumulated depreciation (82,521,166)
Total adjustment due to capital assets 126,760,766
 2. Some receivables are expected to be collected over several
years and are not available to pay for current year expenditures 1,208,008
 3. Other assets used in governmental activities are financial
resources and therefore are not reported in the governmental
funds - inventory 183,900
 4. Long-term liabilities are not due and payable in the current period
and therefore are not reported in the governmental funds
Accrued interest payable (116,822)
Noncurrent liabilities, due in one year (3,455,000)
Noncurrent liabilities, due in more than one year (25,864,278)
Total adjustment due to long-term liabilities (29,436,100)
 5. Internal service funds are included as part of governmental activities 16,818,124
- Net assets of governmental activities \$ 189,252,697

The notes to the financial statements are an integral part of this statement.

City of Dearborn, Michigan

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds Year Ended June 30, 2006

	General	Capital Projects	Other Governmental Funds (See page 93)	Total Governmental Funds
Revenues				
Taxes, assessments and penalties on taxes	\$ 71,198,048	\$ -	\$ 1,876,427	\$ 73,074,475
Licenses and permits	2,211,330	-	-	2,211,330
Intergovernmental revenues:				
State sources	10,556,922	1,898	8,165,217	18,724,037
Federal sources	984,137	63,591	4,744,297	5,792,025
Other sources	116,796	-	-	116,796
Charges for services	9,366,237	-	423,557	9,789,794
Fines and forfeits	3,538,537	-	941,508	4,480,045
Rents and royalties	3,063,426	-	2,142,595	5,206,021
Miscellaneous revenue	491,393	22,689	2,022,925	2,537,007
Private source contributions	-	98,171	158,877	257,048
Investment income	2,546,412	422,223	792,436	3,761,071
Total revenues	104,073,238	608,572	21,267,839	125,949,649
Expenditures				
General government	17,545,952	-	79,629	17,625,581
Public safety	50,135,058	-	461,047	50,596,105
Public works	11,408,418	-	9,136,868	20,545,286
Health and welfare	1,007,928	-	7,184	1,015,112
Recreation and culture	14,671,442	-	2,487,166	17,158,608
Community improvement	679,468	-	1,534,804	2,214,272
Utilities	4,144,919	-	319,472	4,464,391
Capital outlay	1,552,995	3,354,117	780,005	5,687,117
Debt service:				
Principal	-	525,000	2,240,000	2,765,000
Interest and fiscal charges	-	269,370	960,372	1,229,742
Total expenditures	101,146,180	4,148,487	18,006,547	123,301,214
Revenues Over (Under) Expenditures	2,927,058	(3,539,915)	3,261,292	2,648,435
Other Financing Sources (Uses)				
Transfers in	47,768	6,312,068	6,746,072	13,105,908
Transfers out	(9,229,049)	-	(7,074,557)	(16,303,606)
Contribution to component unit	-	(78,372)	(457,707)	(536,079)
Total other financing sources (uses)	(9,181,281)	6,233,696	(786,192)	(3,733,777)
Net Change in Fund Balances	(6,254,223)	2,693,781	2,475,100	(1,085,342)
Fund Balances - Beginning of Year	42,591,852	15,458,023	16,753,466	74,803,341
Fund Balances - End of Year	\$ 36,337,629	\$ 18,151,804	\$ 19,228,566	\$ 73,717,999

The notes to the financial statements are an integral part of this statement.

City of Dearborn, Michigan

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities Year Ended June 30, 2006

Net change in fund balance - Total Governmental Funds \$ (1,085,342)

Amounts reported for governmental activities in the statement
of activities are different because:

1. Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those
assets is depreciated over their estimated useful lives
and recorded as depreciation expense. This is the amount
by which capital outlay exceeded depreciation expense. 3,096,667
 2. Revenues are recorded in the statement of activities when
the revenue is earned; they are not reported in the funds until
collected or collectable within 60 days of the year end (80,276)
 3. Governmental funds report inventories as expenditures when
purchased; however in the statement of activities, the cost
of those assets is expensed when used 156,408
 4. Repayment of bond principal is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities in the
statement of net assets:
Bonds payable 2,765,000
Interest payable 22,622
 5. Some expenses reported in the statement of activities do not
require the use of current financial resources and therefore are
not reported as expenditures in governmental funds:
Compensated absences 366,329
 6. Internal service funds are included as part of governmental activities 229,304
- Change in net assets of governmental activities \$ 5,470,712

The notes to the financial statements are an integral part of these statements.

City of Dearborn, Michigan

	Business-type Activities Enterprise Funds			
	Parking System Funds	Sewer	Water	Other Enterprise Funds (See page 106)
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,108,239	\$ 5,763,479	\$ 3,757,353	\$ 5,054,586
Accounts Receivable (Net)	67,950	253,969	6,604,506	33,976
Property taxes receivable	-	26,824	-	-
Unbilled accounts receivable	-	1,397,962	876,048	-
Accrued interest receivable	20,918	260,629	36,383	79,449
Due from component units	175,213	-	-	-
Due from other governments	26,072	80,365	378,595	-
Due from other funds	14,261	27,881	-	-
Prepaid items	-	18,463	53,537	86,887
Inventories	-	-	433,257	60,588
Total current assets	1,412,653	7,829,572	12,139,679	5,315,486
Noncurrent assets:				
Restricted cash and investments:				
Construction and equipment	515,492	16,716,242	-	-
Debt service	91,141	4,634,356	-	151,410
Investments, long-term	739,194	8,876,728	-	3,011,961
Capital assets (Net)	19,487,416	150,864,429	46,655,821	8,663,011
Total noncurrent assets	20,833,243	181,091,755	46,655,821	11,826,382
Total assets	22,245,896	188,921,327	58,795,500	17,141,868
Liabilities				
Current liabilities:				
Accounts payable	99,901	3,353,758	1,454,221	158,125
Accrued interest payable	41,307	600,494	-	21,410
Accrued liabilities	1,568	19,774	53,566	74,330
Deposits/refunds payable	-	-	14,833	290,102
Due to other governments	-	421,876	-	5,575
Due to other funds	161,717	-	-	1,358
Deferred revenue	-	-	-	23,959
Current portion of long-term debt	570,000	2,465,000	-	195,000
Total current liabilities	874,493	6,860,902	1,522,620	769,859
Current liabilities payable from restricted assets:				
Accounts payable	-	6,239,006	-	-
Noncurrent liabilities:				
Long-term debt, net of current portion	10,317,875	75,606,634	-	2,299,800
Other liabilities	-	25,636	127,996	130,909
Advance from other funds	-	-	-	299,667
Claims payable	-	-	-	-
Total noncurrent liabilities	10,317,875	75,632,270	127,996	2,730,376
Total liabilities	11,192,368	88,732,178	1,650,616	3,500,235
Net Assets				
Invested in capital assets, net of debt	8,599,541	72,792,795	46,655,821	5,868,544
Restricted for:				
Construction	515,492	10,477,235	-	-
Debt service	91,141	6,156,096	-	126,324
Unrestricted	1,847,354	10,763,023	10,489,063	7,646,765
Total net assets	\$ 11,053,528	\$ 100,189,149	\$ 57,144,884	\$ 13,641,633

The notes to the financial statements are an integral part of these statements.

Statement of Net Assets
Proprietary Funds
June 30, 2006

Total	Governmental Activities - Internal Service Funds (See page 110)
\$ 15,683,657	\$ 13,587,132
6,960,401	35,307
26,824	-
2,274,010	-
397,379	165,724
175,213	-
485,032	-
42,142	2,400
158,887	941,570
493,845	225,382
<u>26,697,390</u>	<u>14,957,515</u>
17,231,734	-
4,876,907	44,832
12,627,883	3,529,579
<u>225,670,677</u>	<u>7,395,377</u>
<u>260,407,201</u>	<u>10,969,788</u>
<u>287,104,591</u>	<u>25,927,303</u>
5,066,005	1,140,015
663,211	2,749
149,238	23,566
304,935	-
427,451	-
163,075	-
23,959	-
<u>3,230,000</u>	<u>505,000</u>
<u>10,027,874</u>	<u>1,671,330</u>
6,239,006	-
88,224,309	500,000
284,541	41,103
299,667	-
-	6,896,746
<u>88,808,517</u>	<u>7,437,849</u>
<u>105,075,397</u>	<u>9,109,179</u>
133,916,701	7,395,377
10,992,727	-
6,373,561	-
<u>30,746,205</u>	<u>9,422,747</u>
<u>\$ 182,029,194</u>	<u>\$ 16,818,124</u>

The notes to the financial statements are an integral part of these statements.

City of Dearborn, Michigan

	Business-type Activities Enterprise Funds			
	Parking System Funds	Sewer	Water	Other Enterprise Funds (See page 107)
Operating Revenues				
Taxes, assessments and penalties on taxes	\$ -	\$ 3,218,635	\$ -	\$ -
Sales	-	15,549,877	9,361,940	576,533
Charges for services	165,829	4,099,020	4,716,440	1,457,009
Fines	213,073	-	-	-
Penalties	10,756	-	968,857	-
Rents and royalties	-	11,424	-	2,637,478
Insurance premiums	-	-	-	-
Miscellaneous	-	944,384	450	130,956
Total operating revenues	<u>389,658</u>	<u>23,823,340</u>	<u>15,047,687</u>	<u>4,801,976</u>
Operating Expenses				
Personnel services	160,224	1,019,515	2,864,706	2,212,804
Contractual services	193,507	1,295,253	728,122	303,610
Insurance and bonds	-	6,500	8,000	141,256
Insurance benefits	-	-	-	-
Claims and judgments	-	-	-	-
Utilities	104,791	218,569	7,659	601,399
Repairs and maintenance	20,440	319,011	12,442	325,855
Supplies	40,444	104,851	506,685	146,638
Cost of sales	-	10,825,690	5,483,666	160,823
Cost of rentals	35,123	3,887	-	7,904
Taxes	-	-	-	117,134
Depreciation	52,435	792,869	1,070,650	555,983
Other	1,290	10,236	35,085	67,650
Total operating expenses	<u>608,254</u>	<u>14,596,381</u>	<u>10,717,015</u>	<u>4,641,056</u>
Operating Income (Loss)	(218,596)	9,226,959	4,330,672	160,920
Nonoperating Revenues (Expenses)				
Investment income	68,317	1,438,933	285,688	315,425
Gain/loss on disposal of assets	-	(315)	(91,673)	-
Other interest	-	(2,141,543)	-	(149,641)
Total nonoperating revenues (expenses)	<u>68,317</u>	<u>(702,925)</u>	<u>194,015</u>	<u>165,784</u>
Income (Loss) before Capital Contributions & Transfers	(150,279)	8,524,034	4,524,687	326,704
Capital contributed from grants, developers & other	<u>753,648</u>	<u>6,331,185</u>	<u>-</u>	<u>-</u>
Income (Loss) before Transfers	603,369	14,855,219	4,524,687	326,704
Transfers				
Transfers in	1,200,000	3,402	1,596,170	-
Transfers out	-	(16,174)	(13,700)	-
Net transfers	<u>1,200,000</u>	<u>(12,772)</u>	<u>1,582,470</u>	<u>-</u>
Net Income (Loss)	1,803,369	14,842,447	6,107,157	326,704
Net Assets - Beginning of Year	9,250,159	85,346,702	51,037,727	13,314,929
Net Assets - End of Year	<u>\$11,053,528</u>	<u>\$100,189,149</u>	<u>\$57,144,884</u>	<u>\$13,641,633</u>

The notes to the financial statements are an integral part of these statements.

Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2006

Total	Governmental Activities - Internal Service Funds (See page 111)
\$ 3,218,635	\$ -
25,488,350	-
10,438,298	3,341,653
213,073	-
979,613	-
2,648,902	2,466,239
-	2,543,687
1,075,790	43,621
<u>44,062,661</u>	<u>8,395,200</u>
6,257,249	-
2,520,492	1,149,201
155,756	1,164,057
-	68,543
-	1,636,612
932,418	-
677,748	-
798,618	-
16,470,179	3,661,918
46,914	-
117,134	-
2,471,937	1,441,355
114,261	66,056
<u>30,562,706</u>	<u>9,187,742</u>
13,499,955	(792,542)
2,108,363	663,819
(91,988)	(19,354)
<u>(2,291,184)</u>	<u>(50,619)</u>
<u>(274,809)</u>	<u>593,846</u>
13,225,146	(198,696)
<u>7,084,833</u>	<u>-</u>
20,309,979	(198,696)
2,799,572	428,000
<u>(29,874)</u>	<u>-</u>
<u>2,769,698</u>	<u>428,000</u>
23,079,677	229,304
158,949,517	16,588,820
<u>\$ 182,029,194</u>	<u>\$ 16,818,124</u>

The notes to the financial statements are an integral part of these statements.

City of Dearborn, Michigan

	Parking System Funds
Cash Flows from Operating Activities	
Receipts from customers	\$ 430,135
Payments to suppliers	(666,369)
Payments to employees	(160,224)
Internal activity	44,060
Claims paid	-
Other receipts (payments)	-
Net cash provided (used) by operating activities	<u>(352,398)</u>
Cash Flows from Noncapital Financing Activities	
Transfers in	1,200,000
Transfers out	-
Net cash provided (used) by noncapital financing activities	<u>1,200,000</u>
Cash Flows from Capital and Related Financing Activities	
Grants and contributions received	753,648
Principal received on debt	-
Prepaid interest on debt	-
Advance from (to) other funds	-
Principal paid on debt	(1,200,000)
Acquisition and construction of capital assets	(1,493,330)
Interest paid on debt	11,009
Net cash provided (used) by capital and related financing activities	<u>(1,928,673)</u>
Cash Flows from Investing Activities	
Net sale (purchase) of investments	(453,167)
Investment income	65,562
Net cash provided (used) by investing activities	<u>(387,605)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,468,676)
Cash and Cash Equivalents - Beginning of Year	3,183,548
Cash and Cash Equivalents - End of Year	<u>\$ 1,714,872</u>
Cash and Cash Equivalents - Unrestricted	\$ 1,108,239
Cash and Cash Equivalents - Restricted	606,633
Cash and Cash Equivalents - End of Year	<u>\$ 1,714,872</u>

The notes to the financial statements are an integral part of these statements.

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2006

Business-type Activities Enterprise Funds		Other Enterprise Funds (See page 108)	Total	Governmental Activities - Internal Service Funds (See page 113)
Sewer	Water			
\$ 28,082,744	\$ 14,730,135	\$ 4,665,241	\$ 47,908,255	\$ 8,326,082
(15,947,906)	(8,041,970)	(1,802,468)	(26,458,713)	(5,181,147)
(1,009,547)	(2,855,942)	(2,186,086)	(6,211,799)	(1,340,374)
2,572,706	(3,266,592)	1,358	(648,468)	1,455,527
-	-	-	-	318,569
945,572	(34,635)	178,742	1,089,679	(17,634)
<u>14,643,569</u>	<u>530,996</u>	<u>856,787</u>	<u>15,678,954</u>	<u>3,561,023</u>
3,402	1,596,170	-	2,799,572	428,000
(16,174)	(13,700)	-	(29,874)	-
<u>(12,772)</u>	<u>1,582,470</u>	<u>-</u>	<u>2,769,698</u>	<u>428,000</u>
6,331,185	-	-	7,084,833	-
23,115,007	-	-	23,115,007	(495,000)
-	-	-	-	(51,765)
-	-	(51,000)	(51,000)	-
(2,389,949)	-	(168,300)	(3,758,249)	-
(48,457,423)	(3,665,907)	(63,572)	(53,680,232)	(2,651,147)
(2,032,720)	-	(150,997)	(2,172,708)	-
<u>(23,433,900)</u>	<u>(3,665,907)</u>	<u>(433,869)</u>	<u>(29,462,349)</u>	<u>(3,197,912)</u>
(6,955,487)	-	(1,558,495)	(8,967,149)	(1,765,538)
1,360,530	286,505	290,989	2,003,586	605,449
<u>(5,594,957)</u>	<u>286,505</u>	<u>(1,267,506)</u>	<u>(6,963,563)</u>	<u>(1,160,089)</u>
(14,398,060)	(1,265,936)	(844,588)	(17,977,260)	(368,978)
41,512,137	5,023,289	6,050,584	55,769,558	14,000,942
<u>\$ 27,114,077</u>	<u>\$ 3,757,353</u>	<u>\$ 5,205,996</u>	<u>\$ 37,792,298</u>	<u>\$ 13,631,964</u>
\$ 5,763,479	\$ 3,757,353	\$ 5,054,586	\$ 15,683,657	\$ 13,587,132
21,350,598	-	151,410	22,108,641	44,832
<u>\$ 27,114,077</u>	<u>\$ 3,757,353</u>	<u>\$ 5,205,996</u>	<u>\$ 37,792,298</u>	<u>\$ 13,631,964</u>

The notes to the financial statements are an integral part of these statements.

City of Dearborn, Michigan

Parking
System
Funds

**Reconciliation of Operating Income (Loss) to Net Cash Provided
(Used) by Operating Activities:**

Operating income (loss)	\$ (218,596)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	52,435
Change in assets and liabilities:	
Accounts receivable	241,762
Due from other funds	30,770
Due from component units	(175,213)
Due from other governments	(26,072)
Prepaid items	-
Inventories	-
Accounts payable	(270,684)
Accrued liabilities	(90)
Customer deposits	-
Accrued vacation and sick leave	-
Due to other funds	13,290
Due to other governments	-
Claims payable	-
Deferred revenue	-
Net cash provided (used) by operating activities	<u><u>\$ (352,398)</u></u>

There was no noncash investing, capital or financing activity during the year.

The notes to the financial statements are an integral part of these statements.

**Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2006**

Business-type Activities Enterprise Funds		Other Enterprise Funds (See page 109)	Total	Governmental Activities - Internal Service Funds (See page 115)
Sewer	Water			
\$ 9,226,959	\$ 4,330,672	\$ 160,920	\$ 13,499,955	\$ (792,542)
792,869	1,070,650	555,984	2,471,938	1,441,355
(326,533)	(252,625)	(30,957)	(368,353)	(25,496)
3,772,706	-	-	3,803,476	2,039,923
-	-	-	(175,213)	-
5,541,745	(65,477)	38,088	5,488,284	-
(4,530)	(5,484)	1,042	(8,972)	139,382
-	(77,237)	3,741	(73,496)	(26,712)
(3,167,552)	(1,222,663)	77,946	(4,582,953)	865,434
10,117	9,988	34,860	54,875	10,691
-	1,000	(1,256)	(256)	-
9,968	8,764	26,719	45,451	3,738
(1,200,000)	(3,266,592)	1,358	(4,451,944)	(584,396)
(12,180)	-	(4)	(12,184)	(1,470,336)
-	-	-	-	1,959,982
-	-	(11,654)	(11,654)	-
<u>\$ 14,643,569</u>	<u>\$ 530,996</u>	<u>\$ 856,787</u>	<u>\$ 15,678,954</u>	<u>\$ 3,561,023</u>

The notes to the financial statements are an integral part of these statements.

City of Dearborn, Michigan

Statement of Net Assets Fiduciary Funds June 30, 2006

	Pension & Other Employee Benefits	Agency Funds
Assets		
Current assets:		
Cash and cash equivalents	\$ 9,565,787	\$ 8,957,893
Accounts Receivable (Net)	414,413	273,151
Accrued interest receivable	1,314,427	35,988
Due from other funds	-	-
Due from other governments	-	593,008
Total current assets	<u>11,294,627</u>	<u>9,860,040</u>
Noncurrent assets - Investments:		
Corporate bonds (long-term)	203,994,004	-
Common stock	33,698,728	-
Collateral pledged on securities loaned	21,591,692	-
Real estate properties	19,653,100	-
Commingled and mutual funds	157,311,285	-
Total noncurrent assets	<u>436,248,809</u>	<u>-</u>
Total assets	<u>447,543,436</u>	<u>\$ 9,860,040</u>
Liabilities		
Accounts payable	4,571,347	\$ 1,166,317
Deposits/refunds payable	-	5,485,572
Due to other funds	-	9,051
Due to other governments	-	3,041,244
Deferred revenue	84,659	-
Amounts due to broker under securities lending agreement	21,591,692	-
Other liabilities	-	157,856
Total liabilities	<u>26,247,698</u>	<u>\$ 9,860,040</u>
Net Assets		
Held in trust for pension benefits and other purposes	<u>\$ 421,295,738</u>	

The notes to the financial statements are an integral part of these statements.

City of Dearborn, Michigan

Statement of Changes in Fiduciary Net Assets Fiduciary Funds Year Ended June 30, 2006

	Pension & Other Employee Benefits
Additions	
Investment income:	
Interest and dividends	\$ 20,438,502
Net increase in value of investments	18,840,348
Net investment income	<u>39,278,850</u>
Contributions:	
Employer	19,218,039
Employee	1,199,860
Total contributions	<u>20,417,899</u>
Other income	<u>488,800</u>
Total additions	<u>60,185,549</u>
Deductions	
Benefit payments	28,910,258
Refunds of contributions	1,286,118
Administrative expenses	1,178,072
Total deductions	<u>31,374,448</u>
Change in Net Assets	28,811,101
Net Assets - Beginning of Year	392,484,637
Net Assets - End of Year	<u><u>\$ 421,295,738</u></u>

The notes to the financial statements are an integral part of these statements.

City of Dearborn, Michigan

	West Dearborn Downtown Development Authority	East Dearborn Downtown Development Authority	Brownfield Redevelopment Authority
Assets			
Cash and cash equivalents	\$ 796,998	\$ 1,547,888	\$ 1,843
Property taxes receivable	6,584	18,250	-
Accrued interest receivable	12,475	24,228	18
Prepaid items	-	817	-
Investments - long-term	491,200	953,983	-
Total assets	<u>1,307,257</u>	<u>2,545,166</u>	<u>1,861</u>
Liabilities			
Accounts payable	-	1,506	-
Due to primary government	175,213	-	-
Accrued liabilities	-	992	-
Noncurrent liabilities:			
Due in more than one year	-	3,744	-
Total liabilities	<u>175,213</u>	<u>6,242</u>	<u>-</u>
Net Assets - Unrestricted	<u>\$ 1,132,044</u>	<u>\$ 2,538,924</u>	<u>\$ 1,861</u>

The notes to the financial statements are an integral part of these statements.

**Statement of Net Assets
Component Units
June 30, 2006**

Economic Development Corporation	Total
\$ 483,529	\$ 2,830,258
-	24,834
1,707	38,428
-	817
-	1,445,183
<u>485,236</u>	<u>4,339,520</u>
-	1,506
-	175,213
-	992
<u>-</u>	<u>3,744</u>
<u>-</u>	<u>181,455</u>
<u>\$ 485,236</u>	<u>\$ 4,158,065</u>

The notes to the financial statements are an integral part of these statements.

City of Dearborn, Michigan

		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
West Dearborn Development Authority -			
Community improvement	\$ 993,597	\$ -	\$ -
East Dearborn Development Authority -			
Community improvement	455,842	-	-
Brownfield Redevelopment Authority -			
Community improvement	423,052	-	536,079
Economic Development Corporation -			
Community improvement	62,026	-	-
Total component units	<u>\$ 1,934,517</u>	<u>\$ -</u>	<u>\$ 536,079</u>

General revenues:

Taxes

Investment earnings

Miscellaneous

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

The notes to the financial statements are an integral part of these statements.

**Statement of Activities
Component Units
Year Ended June 30, 2006**

Net (Expense) Revenue and Changes in Net Assets				
West Dearborn Downtown Development Authority	East Dearborn Downtown Development Authority	Brownfield Redevelopment Authority	Economic Development Corporation	Total
\$ (993,597)	\$ -	\$ -	\$ -	\$ (993,597)
-	(455,842)	-	-	(455,842)
-	-	113,027	-	113,027
-	-	-	(62,026)	(62,026)
<u>(993,597)</u>	<u>(455,842)</u>	<u>113,027</u>	<u>(62,026)</u>	<u>(1,398,438)</u>
620,918	679,444	-	-	1,300,362
58,579	98,912	2,404	20,348	180,243
1,619	2,601	246,065	-	250,285
<u>681,116</u>	<u>780,957</u>	<u>248,469</u>	<u>20,348</u>	<u>1,730,890</u>
(312,481)	325,115	361,496	(41,678)	332,452
1,444,525	2,213,809	(359,635)	526,914	3,825,613
<u>\$ 1,132,044</u>	<u>\$ 2,538,924</u>	<u>\$ 1,861</u>	<u>\$ 485,236</u>	<u>\$ 4,158,065</u>

The notes to the financial statements are an integral part of these statements.

Note 1 – Summary of Significant Accounting Policies

The City of Dearborn, Michigan (the City) was incorporated in 1929 under Michigan law as a home rule city. The City operates under a strong mayor, weak council form of government. The most recent charter was adopted November 3, 1979 and was effective July 1, 1980.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. Pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989 are not applied in the preparation of the financial statement of the business-type activities and enterprise funds in accordance with GASB Statement #20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting." Below is a summary of the City's more significant policies.

A. Reporting Entity

The City is governed by an elected seven-member Council. As required by generally accepted accounting principles, these financial statements present the City of Dearborn and its component units.

Blended Component Units

The component unit discussed below is included in the City's reporting entity because of the significance of its operating or financial relationship with the City.

City of Dearborn Municipal Building Authority

This authority was formed for purposes of constructing public facilities financed through issuance of Building Authority bonds as provided by PA 31 of 1948 and it provides services exclusively for the City of Dearborn. The Building Authority Board is appointed by the Mayor. Issuance of bonds and related lease contracts are subject to approval of the City Council (see Note 4).

Building Authority operations consist of the issuance of debt, construction or acquisition of facilities financed by such debt, and the repayment of such debt from lease proceeds. All of this is accounted for in the appropriate City funds. The financial statements of the Building Authority are consolidated with the financial statements of the City in a manner dependent on the type of facilities acquired. The City is involved in the purchase by lease contract of improvements to the Robert Herndon Dearborn Hills Municipal Golf Course, the Ice Arena, Powerhouse and Ford Woods Park redevelopment from the Building Authority. The golf course operations are accounted for within the Enterprise Funds (Golf Course Fund). Improvements to the Ice Arena, Powerhouse and Ford Woods Park redevelopment are accounted for within the General Capital Improvement Fund.

Note 1 – Summary of Significant Accounting Policies (Continued)

Discretely Presented Units

The following component units are discretely presented in the combined financial statements. They are reported in a separate column to emphasize that they are legally separate from the City.

Brownfield Redevelopment Authority (BRA)

The Brownfield Redevelopment Authority was created to account for the redevelopment of environmentally contaminated and other under-utilized sites within the City. The Authority's governing body consists of the Mayor and six (6) individuals appointed by the Mayor. The City Council must approve the BRA Budget.

The Economic Development Corporation of Dearborn (EDC)

The EDC's purpose is to encourage economic development, primarily through the issuance of tax-exempt financing. Although the City has no involvement in the determination of the EDC budget nor any obligation for the EDC's outstanding debt, City Council must approve designation of project areas and must approve each project plan.

East Dearborn Downtown Development Authority (EDDA)

The EDDA was formed to encourage development within the City's eastern central business district. The City has no obligation for the EDDA's outstanding debt. The City Council must approve the EDDA's budget.

West Dearborn Downtown Development Authority (WDDA)

The WDDA was formed to encourage development within the City's western central business district. The City has no obligation for the WDDA's outstanding debt. The City Council must approve the WDDA's budget.

Financial statements for the discretely presented component units are available during office hours at the City of Dearborn, Economic and Community Development Department, 13615 Michigan Avenue, Dearborn, MI 48126.

B. Basic Financial Statements

The basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's public safety, public works, recreation and general administrative services are classified as governmental activities. The City's water and sewer services, parking systems, housing department and the municipal golf course are classified as business-type activities.

Note 1 – Summary of Significant Accounting Policies (Continued)

Government-wide Financial Statements

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts—invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (public safety, public works, etc.). The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public safety, public works, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc).

The City does not allocate indirect costs. An administrative fee is charged by the General Fund to the other operating funds to recover the direct costs of General Fund services provided (finance, human resources, purchasing, legal, management information systems, etc.). The effect of this fee and all other internal activity has been eliminated from the government-wide financial statements.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities.

Basic Financial Statements—Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

Note 1 – Summary of Significant Accounting Policies (Continued)

The following fund types are used by the City:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

Capital Projects Fund – The City has one capital project fund which is a major fund. The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of proprietary funds relate to charges to customers for sales and service. The water and sewer funds also recognize the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized a nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Note 1 – Summary of Significant Accounting Policies (Continued)

The following is a description of the proprietary funds of the City:

Enterprise Funds – Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The government reports the following major enterprise funds:

Parking Systems Funds – These funds account for construction and operation of two separate parking systems.

Water Fund – This fund accounts for operation of the City's water supply system. Purified water is purchased from the Detroit Water and Sewage Department.

Sewer Fund – This fund accounts for operation of the City's sewerage system. Sewage treatment is purchased from the Detroit Water and Sewage Department.

Internal Service Funds – Internal Service Funds are used to account for the financing of goods or services provided by an activity to other departments, funds or component units of the City on a cost-reimbursement basis. Internal Service Funds include equipment replacement, central garage, workers' compensation, employee insurance and fleet and general liability insurance.

Fiduciary Funds

Fiduciary Funds are used to report assets held in an agency capacity for others and therefore are not available to support City programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds. Fiduciary Pension Funds include the (closed) general employees retirement system, the (open) revised police and fire retirement system, the (closed) police and fire retirement system, retiree death benefit and post retirement healthcare. The Fiduciary Agency Funds include agency, imprest payroll and district court.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

The City's internal service funds are presented in the proprietary funds financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (public safety, public works, etc.).

Note 1 – Summary of Significant Accounting Policies (Continued)

The City's fiduciary funds are presented in the fiduciary fund financial statements by type (pension and other employee benefits and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

C. Measurement Focus and Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (within 60 days of the next fiscal year). Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

Those revenues susceptible to accrual are property taxes, special assessments, licenses, interest revenue and charges for services. Sales taxes collected and held by the state at year-end on behalf of the government also are recognized as revenue. Fines, permits and parking meter revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned. Other revenue is recorded when received.

Properties are assessed as of December 31 and the related property taxes become a lien on December 31 and are billed in two separate billings. The summer billing is billed on July 1 of the following year and are due in four equal installments due August 20 and every two months thereafter with the final installment due February 20. The winter billing is billed on December 1 of the following year and is due in full on February 14. Both billings become delinquent if unpaid by March 1 of the following year. Real property taxes are returned to the Wayne County

Note 1 – Summary of Significant Accounting Policies (Continued)

Treasurer for collection. The City Treasurer is responsible for the collection of personal property taxes.

The City reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

D. Budgetary Accounting and Accountability

The City's budget is prepared in compliance with the uniform budgeting provisions of Michigan law. Budgets are adopted for all governmental and proprietary funds.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to April 15, the Mayor delivers the proposed budget to the City Council for the fiscal year commencing the following July 1. The budget includes identification of unusual circumstances, a comparative analysis covering the immediate past and the current budgets, together with the proposed budget, and a proposed general appropriations resolution.
2. The proposed budgets are reviewed through a series of meetings with the City Council, Mayor, Finance department, department directors, etc.
3. A public hearing is conducted to obtain taxpayers comments.
4. No later than June 13, the City Council shall pass a general appropriations resolution providing the authority to make expenditures and incur obligations on behalf of the city for the ensuing fiscal year.

Appropriations in the General Fund are controlled at the department level. Expenditures for all other governmental funds are controlled at the fund level. While the legislative budget is adopted at summary levels, administrative control is maintained at detail levels. Management may amend the budget at the detail level within summary constraints. During the fiscal year, it was necessary to make budget amendments.

The City maintains budgetary control through the use of a full encumbrance system. For budgetary purposes, appropriations lapse at fiscal year-end, except for the portion related to encumbered amounts and those amounts approved for carry forward by the City Council.

Note 1 – Summary of Significant Accounting Policies (Continued)

Budget to actual statements have been prepared in accordance with generally accepted accounting principles with the following exceptions:

- Encumbrances are included as expenditures.
- Project life re-appropriations to the following fiscal year are reported as appropriated reserve carry-forward.

A comparison of the actual results of operations to the budgeted amounts (at the level of control adopted by the City Council) for the General Fund is presented as Required Supplementary Information.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary control in the General, Special Revenue and Capital Projects Funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitment will be honored during the subsequent year.

The negative unreserved fund balance in the community development fund is a result of open encumbrances. Grant revenues will be recognized in future periods when these encumbrances are expended.

E. Financial Statement Amounts

Cash and Investments

The City of Dearborn's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value, based on quoted market prices. Investments and certificates of deposit are purchased with pooled cash and are generally held to maturity. Cash is pooled in two pools based on investment requirements, one for long term and one for short term. Interest is allocated on the basis of time-and-dollar-weighted participation in each pool.

The purchase and sale of proprietary fund investments have been netted for cash flow purposes as the nature of the investments is highly liquid because there is an active market readily available.

Note 1 – Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Receivables as of June 30, 2006 for the City's individual governmental funds and the nonmajor governmental funds in the aggregate are as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:				
Intergovernmental	\$ 4,138,470	\$ -	\$ 1,386,910	\$ 5,525,380
Accounts	<u>2,482,757</u>	<u>2,000</u>	<u>285,251</u>	<u>2,770,008</u>
Net receivables	<u>\$ 6,621,227</u>	<u>\$ 2,000</u>	<u>\$ 1,672,161</u>	<u>\$ 8,295,388</u>

Revenues are reported net of uncollectible amounts. Total uncollectible amounts related to revenue of the current period are as follows:

Uncollectibles related to property taxes	\$ 328,429
Uncollectibles related to ambulance billings	<u>460,000</u>
Total uncollectibles for the current fiscal year	<u>\$ 788,429</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>
Deferred revenue:	
Property taxes	\$ 767,686
Ambulance	80,000
SMART	322,570
Grants	20,167
Other	<u>17,585</u>
Total deferred revenue	<u>\$ 1,208,008</u>

The unbilled accounts receivable in the Enterprise Funds were for unbilled consumption of water and sewer as of June 30, 2006.

Note 1 – Summary of Significant Accounting Policies (Continued)

Inventories

Inventories are recorded at the lower of cost or market, cost being the weighted average method with the exception of the following: (1) Enterprise Funds' inventories, which are recorded on the first-in, first-out basis; and (2) Capital Projects Fund inventories, which are recorded at actual cost. The Capital Projects Fund has approximately \$9.2 million invested in land inventory at June 30, 2006.

Restricted Assets

The revenue bonds of the Enterprise and Internal Service Funds require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, equipment purchases and a bond reserve. Also, the unspent bond proceeds of the Capital Projects Funds require amounts to be set aside for construction. These amounts have been classified as restricted assets.

Capital Assets

Capital assets purchased or acquired with an original cost of \$2,500 or more and a useful life of greater than one year are capitalized at historical cost or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all qualifying assets is provided on the straight-line basis over the assets' estimated useful lives over the following useful lives:

• Equipment	5-15 years
• Land improvements	15 years
• Infrastructure assets (Roads, bridges and sidewalks)	15-40 years
• Buildings and improvements	25-50 years
• Water system	75 years
• Sewer system	75 years

The City has a collection of art work presented for public exhibition and education that is being preserved for future generations. The City has an internal policy stating that the proceeds for the sale of these assets would be used to acquire other items for the collection. Therefore, the collection is not capitalized or depreciated as part of capital assets.

Prepays

Prepays are payments made in the current fiscal year for services in the next fiscal year. The July medical and dental premium payments were made in June.

Note 1 – Summary of Significant Accounting Policies (Continued)

Deferred Revenue

Deferred revenue represents monies that do not yet meet the criteria for revenue recognition. Unearned amounts are always reported as deferred revenue. In governmental funds, earned amounts are also reported as deferred revenue until they are available to liquidate liabilities of the current period.

Compensated Absences

The City accrues vested or accumulated sick, vacation and paid time off (PTO) leave when earned by the employee. The non-current portion (that is the amount not expected to be liquidated with expendable available financial resources) for governmental funds is maintained separately and represents a reconciling item between fund and government-wide presentations.

Property Taxes

Properties are assessed as of December 31 and the related property taxes become a lien on December 31 and are billed in two separate billings, July 1 and December 1 of the following year. Taxable valuations are established annually by the City Assessor and are based on assessed valuations (established at 50 percent of true cash value), with the annual growth of each property's taxable value limited by inflation. Real and personal property in the City subject to the 2005 levy that financed operations for the fiscal year ended June 30, 2006 had a taxable value of \$4,312,500,013. The City millage for the fiscal year ended June 30, 2006 was 16.05 mills, consisting of 13.6275 mills operating, 1.1225 mills for garbage and rubbish and 1.30 mills for debt service. The City was legally empowered, by Section 13.2 of the City Charter and P.A. 298 of 1917, as amended, to levy up to 18.00 mills for fiscal year ended June 30, 2005 before rollbacks required by Michigan law. The maximum potential millage for the fiscal year ended June 30, 2006 was 17.6529 mills after applicable rollbacks.

The July tax billing is payable without penalty in four equal installments due August 20, and every two months thereafter with the final installment due February 20. The December tax billing is due in full on February 14 of the following year. They become delinquent if unpaid by March 1. Real property taxes are returned to the Wayne County Treasurer for collection. The City Treasurer is responsible for collection of personal property taxes. The amounts of delinquent real property taxes become available to finance expenditures through operation of a County Tax Revolving Fund. Ordinarily, the City receives proceeds from the revolving fund within 60 days of fiscal year end. Delinquent personal property taxes and associated penalties not collected within 60 days of fiscal year end are recorded as deferred revenue.

Unrestricted Franchise Fees

Unrestricted franchise fees represent revenues generated from parties outside the City's citizenry (primarily the cable and cellular system operators) that are not restricted to any specific program.

Note 1 – Summary of Significant Accounting Policies (Continued)

Expenditures

Expenditures in governmental funds are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Other accounting policies are disclosed in other notes to financial statements.

Note 2 –Deposits and Investments

Michigan Compiled Laws section 129.91 (Public Act 20 of 1943, as amended), authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan; and investment pools of financial institutions. The City does not engage in reverse repurchase agreements or in repurchase agreements without a master repurchase agreement and delivery of collateral to a third-party custodian.

The pension trust fund is authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations and certain other

Note 2 –Deposits and Investments (Continued)

specified investment vehicles. In addition, the City created a retiree healthcare trust fund under Public Act 149 of 1999 which allows the funds to be invested in the same investments noted in Public Act 314.

State statutes and the System's board policies permit the System to use investments of the plan to enter into securities lending transactions – loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. The System's securities custodians are agents in lending the plans' securities for cash collateral of at least 100 percent of market value of the loaned securities. Securities on loan at year end are presented as non-categorized in the balance sheet presentation of custodial credit risk. At year end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System. Contracts with the lending agents require them to indemnify the System if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the System for income distributions by the securities' issuers while the securities are on loan.

The City has designated ten banks for the deposit of funds. The investment policy adopted by the City Council in accordance with Public Act 196 of 1997 authorized all investments permitted by PA 20. The City of Dearborn, Michigan's deposit and investment policies are in accordance with statutory authorities.

The City's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, the City had \$84,323,544 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. At year end, the City did not have custodial credit risk.

Note 2 –Deposits and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy minimizes interest rate risk by structuring the portfolio to meet requirement and by investing funds in shorter-term securities, money market mutual funds or similar investment pools. The City's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270 day maturity. The weighted average maturity is based on maturity date or contracted modified maturity date as applicable. At year end, the average maturities of investments are as follows:

<u>Primary Government Investment Types</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Federal Agency/Instrumentality	\$25,461,295	1.67 years
U.S. Government Obligations	15,628,899	2.03 years

<u>Fiduciary Investment Types</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Corporate Bonds	\$37,540,065	13.60 years
Federal Agency/Instrumentality	69,811,136	14.32 years
Private Placements	1,653,675	1.56 years
U.S. Government Obligations	16,523,423	10.62 years
Securities Lending Short-term Collateral Investment Pool	21,591,692	0.24 years

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations at the time of purchase. The City's investment policy limits investments to the safest types of securities. Financial institutions, broker/dealers, intermediaries and advisers need to be pre-qualified to do business with the City. The policy also states that the investment portfolio will be diversified to minimize potential losses on individual securities. At year end, the City owned commercial paper rated P3 that was purchased with a rating of P2. The paper will be held to maturity and the City will not invest in this security until the rating has improved. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

<u>Primary Government Investment Types</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Bank Investment Pool	\$7,173,465	A-1	S & P
Bank Investment Pool	4,447,155	AAA	S & P
Federal Agency/Instrumentality	995,630	AA-	S & P
Federal Agency/Instrumentality	18,273,243	AAA	S & P
Federal Agency/Instrumentality	6,192,422	N/R	

Note 2 –Deposits and Investments (Continued)

<u>Fiduciary Investment Types</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Bank Investment Pool	\$5,242,643	A-1	S & P
Bank Investment Pool	2,296,219	AAA	S & P
Securities Lending Short-term Collateral Investment Pool	21,591,692	N/R	
Corporate Bonds	9,115,543	AAA	S & P
Corporate Bonds	4,224,126	AA+	S & P
Corporate Bonds	2,016,622	AA	S & P
Corporate Bonds	3,093,817	AA-	S & P
Corporate Bonds	1,431,365	A+	S & P
Corporate Bonds	4,521,744	A	S & P
Corporate Bonds	3,400,349	A-	S & P
Corporate Bonds	1,562,893	BBB+	S & P
Corporate Bonds	5,464,741	BBB	S & P
Corporate Bonds	153,299	BBB-	S & P
Corporate Bonds	2,555,566	N/R	
Private placements	1,653,675	N/R	
Federal Agency/Instrumentality	25,392,844	AAA	S & P
Federal Agency/Instrumentality	1,077,688	AA-	S & P
Federal Agency/Instrumentality	43,340,604	N/R	

Concentration of Credit Risk:

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City places no limit on the amount that may be invested in any one issuer. At June 30, 2006, the City had more than 5% of its investments in the following:

Governmental Funds

Federal Home Loan Mortgage	23.14%
Federal National Mortgage	15.17%
Federal Home Loan Bank	11.27%

Business-Type Funds

Federal Home Loan Mortgage	17.38%
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Note 2 –Deposits and Investments (Continued)

General Fund

Federal National Mortgage	11.40%
Federal Home Loan Banks	8.47%
Federal Home Loan Mortgage	11.94%
Federal Home Loan Mortgage	24.51%
Federal National Mortgage	16.07%

Capital Projects Funds

Federal Home Loan Banks	24.52%
Federal Home Loan Mortgage	16.08%
Federal Home Loan Banks	11.95%

Parking System Funds

Federal Home Loan Banks	7.04%
Federal Home Loan Mortgage	14.45%
Federal National Mortgage	9.47%

Sewer Fund

Federal Home Loan Mortgage	16.07%
Federal National Mortgage	10.54%
Federal Home Loan Banks	7.83%

Aggregate Funds

Federal Home Loan Mortgage	21.06%
Federal National Mortgage	13.81%
Federal Home Loan Banks	10.26%

Fiduciary Funds

Federal Home Loan Mortgage	7.95%
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Note 2 –Deposits and Investments (Continued)

Component Units

The component units had bank deposits subject to custodial credit risk (uninsured and uncollateralized) of \$2,323,818. No investment securities were held by the counterparty (or the counterparty's trust department), but not in the component unit's name. U.S. Government Obligations totaling \$1,445,183 had a weighted average maturity in years of .83. The component units' securities included \$506,440 of bank investment pool with a rating of A-1 by Standard & Poors. The component units did not have a concentration of credit risk.

Note 3 – Capital Assets

Capital asset activity for the year ended June 30, 2006 was as follows:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Assets not being depreciated:				
Land	\$ 4,391,264	\$ -	\$ (774,600)	\$ 3,616,664
Right of ways	37,818	-	-	37,818
Construction in progress	3,104,307	2,129,874	(1,105,702)	4,128,479
Total capital assets not being depreciated	7,533,389	2,129,874	(1,880,302)	7,782,961
Other capital assets:				
Buildings & improvements	111,267,121	1,325,391	(15,996)	112,576,516
Equipment	30,969,620	3,978,014	(264,683)	34,682,951
Infrastructure assets	55,730,787	5,904,092	-	61,634,879
Subtotal	197,967,528	11,207,497	(280,679)	208,894,346
Accumulated depreciation:				
Buildings & improvements	34,027,684	2,658,479	(80,345)	36,605,818
Equipment	21,991,069	2,447,030	(220,149)	24,217,950
Infrastructure assets	19,613,126	2,084,270	-	21,697,396
Subtotal	75,631,879	7,189,779	(300,494)	82,521,164
Net other capital assets	122,335,649	4,017,718	19,815	126,373,182
Net capital assets	\$ 129,869,038	\$ 6,147,592	\$ (1,860,487)	\$ 134,156,143

Note 3 – Capital Assets (Continued)

Depreciation was charged to functions as follows:

Governmental activities:	
General government	\$ 583,462
Public safety	1,096,949
Public works	3,358,443
Health & welfare	13,818
Recreation & culture	2,132,998
Community improvement	4,109
	<u>7,189,779</u>
Total governmental activities depreciation expense	<u>\$ 7,189,779</u>

Business-type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Assets not being depreciated:				
Land	\$ 5,142,173	\$ -	\$ -	\$ 5,142,173
Construction in progress	95,605,713	53,448,517	(6,122,685)	142,931,545
Total capital assets not being depreciated	<u>100,747,886</u>	<u>53,448,517</u>	<u>(6,122,685)</u>	<u>148,073,718</u>
Other capital assets:				
Land improvements	5,078,559	-	-	5,078,559
Buildings	16,936,423	-	-	16,936,423
Equipment	3,260,816	231,721	-	3,492,537
Water system	69,589,561	5,806,525	(941,786)	74,454,300
Sewer system	50,146,169	316,152	(45,936)	50,416,385
Subtotal	<u>145,011,528</u>	<u>6,354,398</u>	<u>(987,722)</u>	<u>150,378,204</u>
Accumulated depreciation:				
Land improvements	2,639,286	248,193	-	2,887,479
Buildings	8,792,611	373,966	-	9,166,577
Equipment	1,983,833	308,590	-	2,292,423
Water system	34,387,273	956,006	(850,114)	34,493,165
Sewer system	23,402,040	585,182	(45,621)	23,941,601
Subtotal	<u>71,205,043</u>	<u>2,471,937</u>	<u>(895,735)</u>	<u>72,781,245</u>
Net other capital assets	<u>73,806,485</u>	<u>3,882,461</u>	<u>(91,987)</u>	<u>77,596,959</u>
Net capital assets	<u>\$ 174,554,371</u>	<u>\$ 57,330,978</u>	<u>\$ (6,214,672)</u>	<u>\$ 225,670,677</u>

Note 3 – Capital Assets (Continued)

Depreciation was charged to functions as follows:

Business-type activities:

Parking System	\$ 52,435
Housing	274,867
Golf Course	281,116
Sewer	792,869
Water	<u>1,070,650</u>

Total business-type activities depreciation expense	<u><u>\$ 2,471,937</u></u>
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Note 4 – Long-term Debt

Outstanding Debt

The following is a summary of the debt outstanding of the City as of June 30, 2006:

	Principal Outstanding	
	Governmental Activities	Business-type Activities
Municipal Building Authority General Obligation Limited Tax Bonds, 3.65% to 5.25%, dated March 18, 1998	\$ 5,295,161	\$ -
Civic Center Facility General Obligation Unlimited Tax Bonds, 4.2% to 6.2%, dated June 11, 1998	13,450,000	
2004 General Obligation Limited Tax Refunding Bonds, 2.00% to 4.00%, dated April 23, 2004	7,467,785	
2004 Capital Improvement General Obligation Limited Tax Bonds, Series A (Non-taxable), 2.75% to 4.55%, dated June 24, 2004	1,005,000	
2004 Capital Improvement General Obligation Limited Tax Bonds, Series A (Non-taxable), 2.75% to 4.55%, dated June 24, 2004		7,515,803
2004 Capital Improvement General Obligation Limited Tax Bonds, Series B (Taxable), 5.90% to 6.00%, dated June 24, 2004		921,962
2006 General Obligation Limited Tax Refunding Bonds, (Taxable), 5.5% to 5.8%, dated April 25, 2006		2,450,109
Sewage Disposal System Revenue Bonds, 2%, dated February 9, 1990		1,130,000
Sewage Disposal System Revenue Bonds, 2%, dated September 29, 1994		1,135,000
Sewage Disposal System Revenue Refunding Bonds, 2.0% to 4.0%, dated February 17, 2004		15,442,972
Sewage Disposal System Revenue Bonds, 2.25%, dated September 28, 1995		65,000
Sewage Disposal System Revenue Bonds, 2.5%, dated March 28, 2002		5,280,000
2004 Sewage Disposal System General Obligation Unlimited Tax Bonds, 3.0% to 5.0%, dated October 1, 2004		23,720,622
2004 Sewage Disposal System General Obligation Unlimited Tax Bonds, 2.125%, dated September 23, 2004		22,552,895
2006 Sewage Disposal System General Obligation Unlimited Tax Bonds, 1.625% dated September 12, 2005		8,745,146
Municipal Building Authority General Obligation Limited Tax Bonds, Obligation Limited Tax Bonds, 3.65% to 5.25%, dated March 18, 1998 (less \$111,957 for deferred charge on refunding)		2,494,800
Subtotal	27,217,946	91,454,309
Accumulated sick, vacation and PTO benefits	3,710,002	284,541
Total	\$ 30,927,948	\$ 91,738,850

Note 4 – Long-term Debt (Continued)

By statute, the City's general obligation debt is restricted to 10 percent of the equalized value of all property in the City. At June 30, 2006 the City's general obligation debt margin amounted to approximately \$469,000,000.

Changes in Long-term Debt

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2006:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds & notes payable - General obligation bonds	\$ 30,489,918	\$ -	\$ (3,271,972)	\$ 27,217,946	\$ 3,410,000
Other liabilities - Compensated absences	3,623,750	90,371	(4,119)	3,710,002	1,112,567
Total governmental activities	<u>\$ 34,113,668</u>	<u>\$ 90,371</u>	<u>\$ (3,276,091)</u>	<u>\$ 30,927,948</u>	<u>\$ 4,522,567</u>

Business-type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds & notes payable - General obligation bonds	\$ 47,132,660	\$ 25,590,007	\$ (4,321,330)	\$ 68,401,337	\$ 1,265,000
Revenue bonds	24,953,267	-	(1,900,295)	23,052,972	1,965,000
Subtotal	72,085,927	25,590,007	(6,221,625)	91,454,309	3,230,000
Other liabilities - Compensated absences	239,091	45,450	-	284,541	10,229
Total business-type activities	<u>\$ 72,325,018</u>	<u>\$ 25,635,457</u>	<u>\$ (6,221,625)</u>	<u>\$ 91,738,850</u>	<u>\$ 3,240,229</u>

Compensated absences have historically been liquidated through the fund associated with the employees' function.

Note 4 – Long-term Debt (Continued)

Debt Service Requirements

The annual requirements to service all debt outstanding as of June 30, 2006 (excluding sick, vacation and PTO benefits), including both principal and interest, are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2007	\$ 3,410,000	\$ 1,162,745	\$ 3,230,000	\$ 2,990,391
2008	3,549,520	1,026,220	5,701,640	2,890,472
2009	3,162,573	881,695	9,003,170	2,742,456
2010	3,287,780	746,050	9,198,070	2,539,635
2011	3,412,987	602,185	8,663,116	2,323,292
2012-2016	10,395,086	944,735	31,228,556	8,482,717
2017-2021	-	-	8,838,931	4,500,848
2022-2026	-	-	5,363,265	3,104,425
2027-2031	-	-	5,923,265	1,905,531
2032-2036	-	-	4,304,296	425,925
Total	<u>\$ 27,217,946</u>	<u>\$ 5,363,630</u>	<u>\$ 91,454,309</u>	<u>\$ 31,905,692</u>

Description of Long-term Debt

Primary Government

On March 18, 1998, the City of Dearborn Municipal Building Authority issued \$11,975,000 of General Obligation Limited Tax Bonds. These 18-year bonds have interest rates that range from 3.65 percent to 5.25 percent. The City is obligated to pay interest commencing November 1, 1998 and semiannually thereafter. The first principal payment was due November 1, 1998 and will continue to be due annually November 1 through 2016. A total of \$8,500,000 of the bond proceeds was used to finance the cost of expansion and renovation of Adray Ice Arena, Ford Woods Park and the Cultural Center HVAC Powerhouse. The remaining \$3,475,000 is being used to refund \$3,140,000 of the \$3,653,100 outstanding City of Dearborn Municipal Building Authority Golf Course Limited Tax General Obligation Bonds. Those proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Golf Course Limited Tax General Obligation Bonds. As a result, at June 30, 2006, \$2,520,000 of bonds are considered to be defeased and the liability for the bonds have been removed from the Enterprise Funds balance sheet.

On June 11, 1998, the City of Dearborn issued \$23,860,000 of General Obligation Unlimited Tax Bonds to finance the expansion and renovation of the Civic Center. These 15-year bonds have interest rates that range from 4.2 percent to 6.2 percent. The City is obligated to pay interest commencing December 1, 1998 and semiannually thereafter. The first principal payment was due June 1, 1999 and will continue to be due annually June 1 through 2013.

Note 4 – Long-term Debt (Continued)

On November 15, 1995, the City of Dearborn Municipal Building Authority issued \$12,000,000 of General Obligation Limited Tax Bonds to finance the cost of expansion and renovation of the police station and court facility. These 20-year bonds have interest rates that range from 5.0 percent to 7.0 percent. The City is obligated to pay interest commencing June 1, 1996 and semiannually thereafter. The first principal payment was due June 1, 1997 and will continue to be due annually June 1 through 2016.

On April 23, 2004 the City of Dearborn issued \$8,630,000 in general obligation limited tax bonds with interest rates that range from 2.0% to 4.0%. The proceeds from these bonds were used to advance refund \$8,475,000 of outstanding Municipal Building Authority general obligation unlimited tax bonds. The net proceeds of \$8,766,702 (net of underwriting fees, insurance and issuance costs) were used to purchase U.S. Treasury Securities. Those securities were deposited into an irrevocable trust with an escrow agent and subsequently used to pay off the bonds, including a call premium, on June 1, 2004. The advance refunding reduces total debt service payments over the next 12 years by approximately \$512,500 which represents an economic gain of approximately \$435,000.

On June 24, 2004 the City of Dearborn issued \$13,260,000 of Limited Tax General Obligation Bonds, Series A and \$930,000 in Limited Tax General Obligation Bonds, Series B (Taxable) for the purpose of paying for the cost of acquiring, constructing, installing and equipping certain capital and technology improvements. \$11,260,000 of the Series A (non-taxable) as well as all \$930,000 of the Series B (taxable) bonds will be used to construct parking decks, renovate existing lots and implement a paid parking system. The remaining \$2,000,000 of Series A (nontaxable) bonds will be used for technology upgrades to various City facilities. These 15-year bonds have interest rates that range from 2.75% to 4.55% for the non taxable and 5.9% to 6.00% for the taxable bonds. The City is obligated to pay interest commencing December 1, 2004 and semiannually thereafter. The first principal payment is due on June 1, 2005 and will continue through June 2019.

On April 25, 2006, the City of Dearborn issued \$2,475,000 in general obligation limited tax refunding bonds (taxable) with interest rates that range from 5.5% to 5.8%. The proceeds from these bonds along with an additional contribution from the General Fund, were used to advance refund \$3,650,000 of outstanding 2004 Capital Improvement Bonds, Series A (non-taxable). The net proceeds of \$3,604,631 (net of underwriting fees and issuance costs) were used to purchase U.S. Certificates of Indebtedness – State and Local Government Securities (SLGS). Those securities were deposited into an irrevocable trust with an escrow agent and will be used to pay off the bonds as they become due. Refinancing of a portion of the bonds was necessary to accommodate a change in the portion of the parking projects that will be dedicated for personal use which resulted in the loss of the exclusion of gross interest for federal income tax purposes. The net economic loss to the City was \$299,484.

On February 9, 1990, the City of Dearborn and the Michigan Municipal Bond Authority entered into an agreement whereby the City of Dearborn would issue and the Michigan Municipal Bond Authority would purchase, up to \$4,015,000 in principal of Sewage Disposal System Revenue Bonds, Series 1990 (General Obligation Limited Tax) for the construction of the Greenfield Road Sewage Pumping Station. The City is obligated to pay interest at 2 percent per annum

Note 4 – Long-term Debt (Continued)

commencing October 1, 1990 and semiannually thereafter. The first principal payment was due October 1, 1991 and will continue to be due October 1 through 2010.

On September 29, 1994, the City of Dearborn and the Michigan Municipal Bond Authority entered into an agreement whereby the City of Dearborn would issue, and the Michigan Municipal Bond Authority would purchase, up to \$2,080,000 in principal of Sewage Disposal System Revenue Bonds, Series 1994 (General Obligation Limited Tax) for the construction of the Combined Sewer Overflow/Retention Treatment Tunnel. The City is obligated to pay interest at 2 percent per annum commencing April 1, 1995 and semiannually thereafter. The first principal payment was due April 1, 1997 and will continue to be due April 1 through 2016.

On June 22, 1995, the City of Dearborn issued \$26,750,000 of Sewage Disposal System Revenue Bonds, Series 1995A to finance the City's portion of costs for the construction of the Combined Sewer Overflow/Retention Treatment Tunnel project. These 20-year bonds have interest rates that range from 5.125 percent to 7.0 percent. The City is obligated to pay interest commencing October 1, 1995 and semiannually thereafter. The first principal payment was due April 1, 1997 and will continue to be due April 1 through 2016. Principal and interest are payable from the net revenues of the system.

On February 17, 2004 the City of Dearborn issued \$18,230,000 in Sewage Disposal System Revenue Refunding Bonds, Series 2004 with interest rates that range from 2.0% to 4.0%. The proceeds from these bonds were used to refund \$18,270,000 of outstanding Sewage Disposal System Revenue Bonds, Series 1995A. The proceeds were used to purchase U.S. Certificates of Indebtedness – State and Local Government Securities (SLGS). Those securities were deposited into an irrevocable trust with an escrow agent and subsequently used to pay off the bonds, including a call premium, on April 1, 2004. The advance refunding reduces total debt service payments over the next 13 years by approximately \$1,927,000 which represents an economic gain of approximately \$1,580,000.

In conjunction with the Sewage Disposal System Revenue Refunding Bonds, Series 2004, the City has covenanted and agreed to set, maintain and revise, from time to time, rates that will maintain net revenues of the system, sufficient to provide for payment of principal and interest on bonds and for the payment of expenses of administration and operation and such expenses for maintenance of the system as are necessary to preserve the same in good repair and working order, to maintain the bond reserve, if any, and to provide for any other expenditures as are required by the sewer ordinances. In addition, it has covenanted and agreed to set, maintain and revise rates from time to time and at least annually so that there shall be produced in each fiscal year net revenues in an amount not less than 120 percent of the aggregate principal and interest on bonds coming due in each fiscal year.

On September 28, 1995, the City of Dearborn and the Michigan Municipal Bond Authority entered into an agreement whereby the City of Dearborn would issue, and the Michigan Municipal Bond Authority would purchase, up to \$137,374 in principal of Sewage Disposal System Revenue Bonds, Series 1995B (General Obligation Limited Tax) for the construction of the Combined Sewer Overflow/Retention Treatment Tunnel. The City is obligated to pay interest at 2.25 percent per annum commencing April 1, 1998 and semiannually thereafter. The first principal payment was due April 1, 1998 and will continue to be due April 1 through 2016.

Note 4 – Long-term Debt (Continued)

On March 28, 2002, the City of Dearborn and the Michigan Municipal Bond Authority entered into an agreement whereby the City of Dearborn would issue, and the Michigan Municipal Bond Authority would purchase, up to \$6,000,000 in principal of Sewage Disposal System Revenue Bonds, Series 2002 (General Obligation Limited Tax) for the construction of the Miller Road Sewage Pump Station. The City is obligated to pay interest at 2.50 percent per annum commencing on October 1, 2002 and semiannually thereafter. The first principal payment was due April 1, 2004 and will continue to be due April 1 through 2023.

On September 14, 2004, the City of Dearborn issued \$24,500,000 of General Obligation Unlimited Tax Bonds to finance the construction of the Combined Sewer Overflow project. These 30-year bonds have interest rates that range from 3.0% to 5.0%. The City is obligated to pay interest commencing April 1, 2005 and semiannually thereafter. The first principal payment was due April 1, 2006 and will continue to be due annual June 1 through 2034.

On September 23, 2004, the City of Dearborn and the Michigan Municipal Bond Authority entered into an agreement whereby the City of Dearborn would issue, and the Michigan Municipal Bond Authority would purchase, up to \$61,640,000 in principal of General Obligation Sewer Bonds, Series 2004A (Unlimited Tax General Obligation) for the construction of the Combined Sewer Overflow project. The City is obligated to pay interest at 1.625% per annum commencing April 1, 2005 and semiannually thereafter. The first principal payment is due April 1, 2008 and will continue to be due April 1 through 2027.

On September 12, 2005, the City of Dearborn and the Michigan Municipal Bond Authority entered into an agreement whereby the City of Dearborn would issue, and the Michigan Municipal Bond Authority would purchase, up to \$72,895,000 in principal of General Obligation Sewer Bonds, Series 2005 (Unlimited Tax General Obligation) for the construction of the Combined Sewer Overflow project. The City is obligated to pay interest at 1.625 percent per annum commencing April 1, 2006 and semiannually thereafter. The first principal payment is due April 1, 2009 and will continue to be due April 1 through 2028.

Component Units

The revitalization Revolving Loan the City received from the Michigan Department of Environmental Quality (MDEQ) was paid in full prior to June 30, 2006.

The following is a summary of long-term debt transactions of the component units for the year ended June 30, 2006:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds & notes payable - General obligation bonds	\$ 221,066	\$ -	\$ (221,066)	\$ -	\$ -
Other liabilities - Compensated absences	2,359	1,385	-	3,744	-
Total governmental activities	<u>\$ 223,425</u>	<u>\$ 1,385</u>	<u>\$ (221,066)</u>	<u>\$ 3,744</u>	<u>\$ -</u>

Note 5 - Interfund Receivables and Payables

The following balances at June 30, 2006 represent interfund receivables and payables:

Receivables Fund	Payable Fund	Amount
Due from/to Other Funds		
General	Parking System	\$ 133,836
	Nonmajor governmental funds	305,890
	Nonmajor enterprise funds	1,358
	Fiduciary trust and agency funds	9,051
	Total General Fund	<u>450,135</u>
Nonmajor governmental funds	General	10,000
	Nonmajor governmental funds	<u>552,423</u>
	Total Nonmajor governmental funds	562,423
Parking System	General capital improvement	14,261
	Component unit	<u>175,213</u>
	Total parking system	189,474
Sewer	Parking System	27,881
Internal service funds	General	<u>2,400</u>
Total		<u><u>\$ 1,232,313</u></u>
Advances from/to Other Funds		
General	General Capital Improvement	\$ 605,642
	Golf Course	<u>299,667</u>
	Total	<u><u>\$ 905,309</u></u>

The advances to other funds include the following:

- The balance of \$605,642 due to the general fund from the general capital improvement fund resulted from a loan to establish working capital for the passenger rail station project; the balance will be collected as grant monies are received.
- The balance of \$299,667 due to the general fund from the golf course fund resulted from loans to construct the golf course's club house and to finance maintenance equipment and golf carts; \$73,133 of the balance is scheduled to be collected in the subsequent year.

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Note 6 - Interfund Transfers

The following amounts for the year ended June 30, 2006 represent interfund transfers in and out:

Transferred In Fund	Transferred Out Fund	Amount
General	Nonmajor governmental funds	\$ 47,768
General Capital Improvement	General	5,673,145
	Nonmajor governmental funds	609,049
	Sewer	16,174
	Water	13,700
	Total General Capital Improvement	6,312,068
Nonmajor governmental funds	General	1,927,904
	Nonmajor governmental funds	4,818,168
	Total Nonmajor governmental funds	6,746,072
Parking System	General	1,200,000
Sewer	Nonmajor governmental funds	3,402
Water	Nonmajor governmental funds	1,596,170
Internal service funds	General	428,000
	Total	\$ 16,333,480

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the funds that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

In the year ended June 30, 2006, the City made a transfer in the amount of \$5,673,145 from the general fund to the general capital improvement fund. Of this amount, \$4,878,775 was to finance various capital projects.

Note 7 – Pension Plans

Plan Description

The City is the administrator of three single-employer defined benefit plans as follows:

(Closed) Policemen's and Firemen's Retirement System	Chapter 21
(Closed) General Employees' Retirement System	Chapter 22
(Open) Revised Police and Fire Retirement System	Chapter 23

The plans, which cover all full-time employees of the City not covered by the defined contribution plan, provide retirement, disability and death benefits to plan members and their beneficiaries. The plans may be amended by negotiations with the City's competitive bargaining units. The plans do not issue separate financial reports.

At June 30, 2006, the date of the most recent actuarial valuation, membership consisted of the following:

	(Closed) General Employees	(Open) Police and Fire	(Closed) Policemen's and Firemen's
Retirees and beneficiaries currently receiving benefits	568	234	130
Terminated employees entitled to benefits but not yet receiving them	63	8	-
Current active employees	405	295	-

Contributions

The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are recorded at fair value. Please refer to Note 1 for further significant accounting policies.

The obligation to contribute to and maintain the systems for these employees was established by negotiations with the City's competitive bargaining units and requires a contribution from police and fire employees participating in the (Open) Police and Fire Retirement System of 5 percent of covered wages. General employees participating in the General Employees' Retirement System do not pay into their pension system.

Note 7 – Pension Plans (Continued)

Annual Pension Cost

For the year ended June 30, 2006, the City's annual pension cost of \$9,468,110 for the three plans was equal to the City's required and actual contributions. The annual required contribution was determined as part of an actuarial valuation at June 30, 2004, using the entry age normal method. Significant actuarial assumptions used include (a) a 7.00 to 7.50 percent investment rate of return and (b) projected salary increases of 3.75 percent to 7.05 percent per year, depending on the system. Both (a) and (b) include an inflation component of 3.75 percent to 4.50 percent depending on the system. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. Unfunded actuarial accrued liability for the three pension plans as of June 30, 2005, are as follows:

Chapter 21 plan	-
Chapter 22 plan	\$17,968,412
Chapter 23 plan	\$17,315,523

There were no pension obligations contributed for the three pension plans in the two preceding years. Administrative costs of the plans are paid by the City's General Fund.

Reserves

In accordance with legal requirements, the pension plans segregate member contributions and accumulated interest. As of June 30, 2006, the reserves are fully funded as follows:

Chapter 21 plan	None Required
Chapter 22 plan	\$ 1,234,754
Chapter 23 plan	\$ 9,626,661

Note 7 – Pension Plans (Continued)

Financial Statement Information

As of June 30, 2006 the Statement of Net Assets for the three pension plans is as follows:

	(Closed) General Employees' Retirement System Fund	(Open) Revised Police & Fire Retirement System Fund	(Closed) Policemen's & Firemen's Retirement System Fund
Assets			
Cash and cash equivalents	\$ 2,257,746	\$ 3,187,744	\$ 1,223,833
Receivables:			
Interest and dividends	395,927	617,074	143,659
Other	51,539	206,910	-
Investments, at fair value:			
Long-term bonds	67,103,264	102,278,748	22,459,613
Common stock	7,282,671	11,595,126	-
Collateral pledged on securities loaned	8,947,837	10,626,599	2,017,256
Real estate	6,206,189	10,948,797	2,498,114
Mutual funds	48,534,918	95,842,386	12,933,981
Total investments	<u>138,074,879</u>	<u>231,291,656</u>	<u>39,908,964</u>
 Total assets	 <u>140,780,091</u>	 <u>235,303,384</u>	 <u>41,276,456</u>
Liabilities			
Accounts payable	1,559,957	2,198,077	809,813
Deferred revenue	-	84,659	-
Amounts due to broker under securities lending agreement	8,947,837	10,626,599	2,017,256
Total liabilities	<u>10,507,794</u>	<u>12,909,335</u>	<u>2,827,069</u>
Net Assets			
Held in trust for pension benefits and other employee benefits	<u>\$ 130,272,297</u>	<u>\$ 222,394,049</u>	<u>\$ 38,449,387</u>

Note 7 – Pension Plans (Continued)

For the year ended June 30, 2006 the Statement of Changes in Net Assets for the three pension plans is as follows:

	(Closed) General Employees' Retirement System Fund	(Open) Revised Police & Fire Retirement System Fund	(Closed) Policemen's & Firemen's Retirement System Fund
Additions			
Investment income:			
Interest and dividends	\$ 6,670,617	\$ 8,782,273	\$ 3,317,045
Net increase in value of investments	6,229,004	12,791,317	281,136
Net investment income	<u>12,899,621</u>	<u>21,573,590</u>	<u>3,598,181</u>
Contributions:			
Employer	3,581,494	5,886,916	-
Employee	1,284	1,185,804	-
Other income	8,927	-	-
Total contributions	<u>3,591,705</u>	<u>7,072,720</u>	<u>-</u>
Total additions	16,491,326	28,646,310	3,598,181
Deductions			
Benefit payments	8,152,192	8,960,657	3,837,708
Refunds of contributions	156,258	1,129,860	-
Administrative expenses	396,961	603,585	109,414
Total deductions	<u>8,705,411</u>	<u>10,694,102</u>	<u>3,947,122</u>
Change in Net Assets	7,785,915	17,952,208	(348,941)
Net Assets - Beginning of Year	122,486,382	204,441,841	38,798,328
Net Assets - End of Year	<u>\$ 130,272,297</u>	<u>\$ 222,394,049</u>	<u>\$ 38,449,387</u>

Other Postretirement Benefit Obligations

In addition to providing pension benefits, the City provides certain health and life insurance benefits for retired employees under provisions of applicable salary plans or union contracts. The City pays nearly all of the premiums. Substantially all employees may become eligible for these benefits through age and service. At June 30, 2006, there were 860 retirees or surviving beneficiaries eligible for such coverage.

Note 7 – Pension Plans (Continued)

In the Postretirement Health Insurance Fund, the City funded 23.49 percent for general employees and 19.09 percent for police and fire of payroll for 2005-2006 and has budgeted 33.71 percent for general employees and 32.49 percent for police and fire of payroll for 2006-2007. For 2005-2006, \$7,963,813 was recognized as expenditure for premiums and \$11,314,041 as revenue of this fund. An actuarial update was done as of June 30, 2005.

Retiree life insurance benefits are paid from the City's Retiree Death Benefit Fund. Retirees electing such coverage pay premiums which, when combined with amounts contributed by the City, pay the cost of the benefits. The cost of claims paid for life insurance benefits for the year ended June 30, 2006 was approximately \$64,000.

Note 8 – Deferred Compensation Plan

The City offers its employees a deferred compensation plan established in accordance with Internal Revenue Code Section 457. The plan is available to all City employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All assets of the plan are, until paid or made available to the employee or other beneficiary, held in trust and are not subject to claims of the City's general creditors. Therefore, the assets of the plan are not reported. A section 401A Plan is established for full time employees not covered by the general and police employees' retirement systems.

The City's liability to each participant is equal to the participant's deferred compensation, adjusted by an amount equal to the investment performance in the related asset account. The City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. Investments are managed by a trustee and investment decisions are made by individual employees.

Note 9 – Risk Management

Commercial Insurance

The City purchases commercial medical and hospitalization insurance coverage from various providers for its employees. There were no significant reductions in insurance coverage from coverage in the prior year. The amount of settlements has not exceeded insurance coverage for any of the past five fiscal years.

Self-insurance

The City operates self-insurance programs for workers' compensation and fleet and general liability reported in the Internal Service Funds.

Note 9 – Risk Management (Continued)

Unemployment Compensation

Unemployment compensation is on a reimbursement basis with the Unemployment Insurance Agency. Claims are managed by the City's Human Resources Department, with payment for the preceding calendar year's claims due in August of the following year. Funding for unemployment compensation is paid by each department equal to claims paid on its behalf in the prior year.

Workers' Compensation

The City has excess liability coverage with a retention of \$500,000 per accident and \$500,000 per employee illness. The City is self-insured for the retentions. Funding for the workers' compensation program is based on a percentage of payroll judged necessary to fund the program. The estimated accrued liability for claims is based on past experience and future exposure of the claims.

Employee Insurance

Employee death benefits, funded through the employee insurance fund, are handled by an outside insurance company. Charges for this insurance are built into each payroll and allocated to the benefited funds and departments.

Fleet and General Liability Insurance Fund

The City has been self-insured for civil and fleet liability at various times. Currently, the City maintains excess liability coverage for fleet, general, boiler and machinery, property, crime, contractor's equipment, electronic data processing, public officials errors and omissions, and ambulance attendants liability. The City has a self-insured retention of \$1,000,000 for each liability claim. The first layer of insurance is \$5,000,000 per occurrence. The excess layer is \$10,000,000 per occurrence. The City has increased funding of its insurance program as a result of insurance industry conditions. The City estimates liability for claims based on the Law Department's evaluation of potential exposure, historical experience and future development of the claims. Retained earnings are designated for anticipated future catastrophic losses.

The City estimates liability for those claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not been reported. Estimates are recorded in the internal service fund type.

Note 9 – Risk Management (Continued)

Changes in the estimated liabilities during the year were as follows:

	Unemployment Compensation	Workers' Compensation	Employee Insurance	Fleet & General Liability
Claims liability - July 1, 2004	\$ -	\$ 2,059,936	\$ -	\$ 2,478,751
Claims incurred during the year	96,377	-	895,574	1,386,070
Changes in estimates for claims of prior periods	-	693,840	-	164,648
Payments on claims	<u>(96,377)</u>	<u>(87,372)</u>	<u>(895,574)</u>	<u>(431,386)</u>
Claims liability - June 30, 2005	-	2,666,404	-	3,598,083
Claims incurred during the year	85,518	-	876,231	660,384
Changes in estimates for claims of prior periods	-	1,010,645	-	(521,183)
Payments on claims	<u>(85,518)</u>	<u>(68,543)</u>	<u>(876,231)</u>	<u>(449,044)</u>
Claims liability - June 30, 2006	<u>\$ -</u>	<u>\$ 3,608,506</u>	<u>\$ -</u>	<u>\$ 3,288,240</u>

Note 10 – Claims, Litigation and Potential Contract Disallowances

Provision for certain claims and assessments asserted against the City, estimable in amount and probable of payment has been made in the applicable funds (see Note 9).

In addition, the City is a defendant in certain other lawsuits and claims that have resulted from the ordinary course of its activities. The ultimate effect on the combined financial statements of the resolution of these matters is, in the opinion of Corporation Counsel, not expected to be material considering available insurance coverage.

The City receives funds from other governmental units to finance specific programs. The final determination of allowable amounts is subject to financial and compliance audit by the responsible agencies. As of June 30, 2006, the audits of certain programs were not completed. Accordingly, the City's compliance with applicable grant requirements and the amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time. The City believes that amounts disallowed, if any, from pending or future audits would not be material.

Note 11 – Commitments for Construction

PROPRIETARY FUNDS

The Michigan Department of Environmental Quality (MDEQ) issued a revised National Pollution Discharge Elimination System Permit to the City in September of 2001. The new permit describes requirements for the elimination of CSO discharges from Outfalls 1-17 and Outfalls 19-21. The City is authorized to issue up to \$314.12 million in bonds to finance this project in combination with Rouge River Wet Weather Demonstration grants and low interest loans through the State Revolving Fund.

Construction related to Outfalls 13, 14, and 15 began in November of 2004 and consists of large diameter, sinking caisson shafts to capture the required amount of CSO volumes in accordance with the NPDES permit. Construction of this phase of the project will be completed by March of 2008. A significant element of this project, the Oakwood Chemical Feed Facility, was completed during the summer of 2006.

Construction related to Outfalls 16 and 17 began in November of 2005 and also consists of large diameter, sinking caisson shafts to capture the required CSO volumes. This phase of the project will be complete by March 2008.

Outfall 19 will be handled through a sewer separation project to be completed by September 2007. Outfall 21 was completed with the construction of the Miller Road Pump Station in 2005.

The final phase of the CSO project, affecting Outfalls 1-12 and 20 is in the design stage. Construction of this phase will be completed by October 2012.

Current construction for these CSO projects is estimated at \$342 million. A large portion of the work that was completed in the 1990's has been incorporated into the new CSO design.

In August 2004, a ballot proposal was approved by the voters, which authorized the City to borrow up to \$314.12 million in general obligation bonds in order to finance these projects. As of June 30, 2006 approximately \$142 million in State Revolving Fund low interest loan bonds and \$24.5 in general obligation bonds have been issued.

Note 12 – Construction Code Fees

The City of Dearborn oversees building construction, in accordance with the state's construction code act, including inspection of building construction and renovation to ensure compliance with the building codes. The City of Dearborn charges fees for these services. Beginning January 1, 2000, the law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the activity since January 1, 2000 is as follows:

Shortfall at July 1, 2005			\$ (2,709,619)
Total code enforcement revenue		\$ 3,327,321	
Related expenses:			
Direct costs	\$ 4,873,648		
Estimated indirect costs	511,819		
Total code enforcement expenses		<u>5,385,467</u>	
Current year shortfall			<u>(2,058,146)</u>
Shortfall at June 30, 2006			<u><u>\$ (4,767,765)</u></u>

Note 13 – Upcoming Reporting Change

The Governmental Accounting Standards Board has recently released Statement Number 45, Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ended June 30, 2008.

Note 14 – Defined Contribution Pension Plan

The City established a defined contribution plan under Sections 401(a) and 457 of the Internal Revenue Code for general employees who hired on or after January 1, 2002, depending on bargaining unit. New police officers were added to the plan as of July 1, 2005.

In addition, the plan covers all general employees who elected to transfer from the City's defined benefit pension plan.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by the City of Dearborn through collective bargaining agreements, the City contributes a percentage of employees' earnings as follows:

	<u>Employee Contribution</u>	<u>Employer Contribution (General Employees)</u>	<u>Employer Contribution (Police Officers)</u>
401 plan (required)	2%	4%	4%
457 plan	up to 3%	up to 4 %	6%

The City's contributions for each employee (plus interest allocated to the employee's account) are fully vested after five years of service and are vested immediately for employees transferring from the existing defined benefit pension.

In accordance with the above requirements, the City contributed \$303,732 during the current year and employees contributed \$185,280.

Note 15 – Brownfield Redevelopment Fund

On September 18, 2000 the City of Dearborn entered into an agreement with the EPA for a Brownfield Revolving Loan in the amount of \$500,000. The agreement with the EPA states that the City must file an annual report disclosing the use of the funds beginning in fiscal year 2007, and every year thereafter for a period of 10 years. As long as the City is using the revolving fund for brownfield redevelopment efforts, the City is not obligated to repay the loan. It is the intention of the City to maintain the purpose of this loan and therefore, has not reported the revolving loan as a debt of the City.

Required Supplemental Information

City of Dearborn, Michigan

Chapter 21 (Closed) Policemen's and Firemen's Retirement System Schedule of Funding Progress (in millions of dollars)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage of Covered Payroll
6/30/2000	48.0	41.7	(6.3)	1.151	-	N/A
6/30/2001	48.6	39.8	(8.8)	1.221	-	N/A
6/30/2002	47.5	39.1	(8.4)	1.215	-	N/A
6/30/2003	44.8	37.6	(7.2)	1.191	-	N/A
6/30/2004	42.1	35.0	(7.1)	1.203	-	N/A
6/30/2005	39.1	33.4	(5.7)	1.171	-	N/A

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2001	-	N/A
2002	-	N/A
2003	-	N/A
2004	-	N/A
2005	-	N/A
2006	-	N/A

The information presented above was determined as part of the actuarial valuations for the years then ended. Additional information as of June 30, 2005, the latest actuarial valuation, follows:

Actuarial cost method	Fully Funded Retiree Only Plan
Asset valuation method	5-year smoothed market
Amortization method	Level dollar
Amortization period	5 years
Actuarial assumptions:	
Investment rate of return*	7.00%
Projected salary increases*	4.50%
*Includes inflation at cost of living adjustment	4.50%

City of Dearborn, Michigan

Chapter 22 (Closed) General Employees' Retirement System Schedule of Funding Progress (in millions of dollars)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage of Covered Payroll
6/30/2000	134.3	115.3	(19.0)	1.165	23.6	(80.5)
6/30/2001	139.9	120.2	(19.7)	1.164	25.4	(77.6)
6/30/2002	139.7	127.5	(12.2)	1.096	26.3	(46.4)
6/30/2003	130.6	134.9	4.3	0.968	25.1	17.1
6/30/2004	128.4	139.9	11.5	0.918	22.8	50.4
6/30/2005	129.1	147.1	18.0	0.878	21.6	83.2

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2001	482,182	100
2002	308,063	100
2003	324,874	100
2004	324,427	100
2005	3,364,143	100
2006	3,581,494	100

The information presented above was determined as part of the actuarial valuations for the years then ended. Additional information as of June 30, 2005, the latest actuarial valuation, follows:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	29 years
Asset valuation method	5-year smoothed market 80% - 120% corridor
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	3.75% - 7.05%
*Includes inflation at cost of living adjustment	3.75%

City of Dearborn, Michigan

Chapter 23 (Open) Police and Fire Retirement System Schedule of Funding Progress (in millions of dollars)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage of Covered Payroll
6/30/2000	196.0	155.7	(40.3)	1.259	18.4	(219.0)
6/30/2001	207.2	164.5	(42.7)	1.260	19.6	(217.9)
6/30/2002	209.7	180.7	(29.0)	1.160	19.6	(148.0)
6/30/2003	206.5	196.3	(10.2)	1.052	21.5	(47.4)
6/30/2004	204.6	210.0	5.4	0.974	21.5	25.1
6/30/2005	205.6	223.0	17.4	0.922	20.7	84.1

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2001	546,284	100
2002	561,239	100
2003	573,217	100
2004	652,503	100
2005	4,581,130	100
2006	5,886,916	100

The information presented above was determined as part of the actuarial valuations for the years then ended. Additional information as of June 30, 2005, the latest actuarial valuation, follows:

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay
Remaining amortization period	25 years
Asset valuation method	5-year smoothed market 80% - 120% corridor

Actuarial assumptions:

Investment rate of return*	7.25%
Projected salary increases*	3.75%

*Includes inflation at
cost of living adjustment 3.75% (varies by labor contract)

City of Dearborn, Michigan

Budgetary Comparison Schedule – General Fund Year Ended June 30, 2006

	Budgeted Amounts		Actual on Budgetary Basis	Variance Favorable (Unfavorable)	Accounting Basis Adjustments	Actual
	Original	Final				
Revenues						
Taxes and Penalties on Taxes						
Current property taxes	\$ 65,970,000	\$ 65,970,000	\$ 66,750,067	\$ 780,067	\$ -	\$ 66,750,067
Property tax administration fee	2,440,000	2,440,000	2,512,569	72,569	-	2,512,569
Penalties and interest on taxes	685,000	685,000	1,057,175	372,175	-	1,057,175
Payments in lieu of taxes	1,094,466	1,094,466	878,237	(216,229)	-	878,237
Total taxes and penalties on taxes	70,189,466	70,189,466	71,198,048	1,008,582	-	71,198,048
Licenses and Permits						
Business licenses and permits	248,000	248,000	258,742	10,742	-	258,742
Nonbusiness licenses and permits	2,427,050	2,427,050	1,952,588	(474,462)	-	1,952,588
Total licenses and permits	2,675,050	2,675,050	2,211,330	(463,720)	-	2,211,330
Intergovernmental Revenues						
State sources:						
Sales and use tax	9,915,756	9,915,756	9,783,701	(132,055)	-	9,783,701
Liquor licenses	64,000	64,000	71,768	7,768	-	71,768
Operators' licenses	6,000	6,000	3,664	(2,336)	-	3,664
Judges' salaries	140,000	140,000	137,622	(2,378)	-	137,622
Alcohol caseload rebate	10,000	10,000	13,794	3,794	-	13,794
Other state sources	383,881	456,057	546,373	90,316	-	546,373
Total state sources	10,519,637	10,591,813	10,556,922	(34,891)	-	10,556,922
Other governmental:						
Federal grants	75,500	1,235,405	984,137	(251,268)	-	984,137
Wayne County library fines	136,000	136,000	116,796	(19,204)	-	116,796
Total other governmental	211,500	1,371,405	1,100,933	(270,472)	-	1,100,933
Total intergovernmental revenues	10,731,137	11,963,218	11,657,855	(305,363)	-	11,657,855
Charges for Services						
General government:						
Birth and death records	250,000	250,000	235,904	(14,096)	-	235,904
Engineering and inspection	775,000	775,000	1,199,102	424,102	-	1,199,102
City service fee	1,151,622	1,151,622	1,164,622	13,000	-	1,164,622
Other	1,156,275	1,350,081	967,924	(382,157)	-	967,924
Total general government	3,332,897	3,526,703	3,567,552	40,849	-	3,567,552
Public safety:						
Annual safety inspection	400,000	400,000	(3,450)	(403,450)	-	(3,450)
Annual maintenance inspection	110,000	110,000	82,678	(27,322)	-	82,678
Ambulance services	1,000,000	1,580,000	1,635,933	55,933	-	1,635,933
Additional police patrols	40,000	165,000	165,402	402	-	165,402
False alarms	60,000	60,000	33,550	(26,450)	-	33,550
Other	845,225	845,225	813,718	(31,507)	-	813,718
Total public safety	2,455,225	3,160,225	2,727,831	(432,394)	-	2,727,831
Health	189,750	189,750	204,434	14,684	-	204,434
Public works:						
Debris and rubbish pickup	30,000	30,000	39,657	9,657	-	39,657
Sidewalk maintenance	796,375	796,375	162,796	(633,579)	-	162,796
Total public works	826,375	826,375	202,453	(623,922)	-	202,453
Recreation and culture:						
Programs and activities sales	553,206	553,206	488,295	(64,911)	-	488,295
Sales	268,505	268,505	276,026	7,521	-	276,026
Use and admission fees	2,144,439	2,144,439	1,899,646	(244,793)	-	1,899,646
Total recreation and culture	2,966,150	2,966,150	2,663,967	(302,183)	-	2,663,967
Total charges for services	9,770,397	10,669,203	9,366,237	(1,302,966)	-	9,366,237

City of Dearborn, Michigan

Budgetary Comparison Schedule – General Fund Year Ended June 30, 2006

	Budgeted Amounts		Actual on Budgetary Basis	Variance Favorable (Unfavorable)	Accounting Basis Adjustments	Actual
	Original	Final				
Fines and Forfeitures						
Parking fines	\$ 200,000	\$ 200,000	\$ 214,073	\$ 14,073	\$ -	\$ 214,073
19th District Court fines	2,434,000	2,428,000	3,222,130	794,130	-	3,222,130
Library fines and forfeits	96,000	96,000	98,764	2,764	-	98,764
Other fines and forfeits	5,500	5,500	3,570	(1,930)	-	3,570
Total fines and forfeitures	2,735,500	2,729,500	3,538,537	809,037	-	3,538,537
Miscellaneous Revenue						
Franchise fees	138,000	138,000	183,549	45,549	-	183,549
Rents and lease agreements	3,272,718	3,272,718	3,063,426	(209,292)	-	3,063,426
Reimbursements	11,300	11,300	40,944	29,644	-	40,944
Other revenue	772,257	768,631	266,900	(501,731)	-	266,900
Total miscellaneous revenue	4,194,275	4,190,649	3,554,819	(635,830)	-	3,554,819
Investment Income	757,953	757,953	2,546,412	1,788,459	-	2,546,412
Total revenues	101,053,778	103,175,039	104,073,238	898,199	-	104,073,238
Other Financing Sources						
Drug Law Enforcement Fund	75,000	86,536	47,768	(38,768)	-	47,768
Total other financing sources	75,000	86,536	47,768	(38,768)	-	47,768
Total revenues and other sources	\$ 101,128,778	\$ 103,261,575	\$ 104,121,006	\$ 859,431	\$ -	\$ 104,121,006
Expenditures						
General Government						
Charter Commission	\$ -	\$ 71,500	\$ 6,117	\$ 65,383	\$ -	\$ 6,117
Council	451,128	459,129	408,360	50,769	(3,666)	404,694
District Court	2,957,012	3,153,661	2,985,803	167,858	(15,104)	2,970,699
Mayor	913,706	921,493	885,942	35,551	(9,424)	876,518
City Clerk	944,955	954,955	927,312	27,643	(2,026)	925,286
Law	1,663,361	1,843,361	1,679,721	163,640	(60,672)	1,619,049
Human resources	1,050,917	1,083,972	1,013,584	70,388	(10,424)	1,003,160
Public works/building services and maintenance	3,837,396	3,770,573	3,757,694	12,879	(29,146)	3,728,548
Assessment	739,153	1,201,043	1,161,623	39,420	(103,080)	1,058,543
Management information systems	1,419,019	1,510,967	1,297,775	213,192	(41,739)	1,256,036
Finance:						
Accounting	1,549,328	1,640,862	1,547,594	93,268	(13,356)	1,534,238
Purchasing	481,005	486,969	370,324	116,645	(2,600)	367,724
Treasurer	672,643	721,109	648,667	72,442	(39,603)	609,064
Nondepartmental - Insurance, tax refunds and other miscellaneous	2,300,000	1,743,977	1,186,276	557,701	-	1,186,276
Total general government	18,979,623	19,563,571	17,876,792	1,686,779	(330,840)	17,545,952
Public Safety						
Police:						
Operations	25,928,442	27,170,033	26,826,300	343,733	(352,194)	26,474,106
Ordinance enforcement	648,905	648,706	573,971	74,735	-	573,971
Fire:						
Operations	15,223,871	16,326,756	16,054,961	271,795	(8,174)	16,046,787
Communications	2,262,240	2,293,749	2,187,098	106,651	(1,622)	2,185,476
Building and safety	5,169,943	5,411,401	5,044,988	366,413	(190,270)	4,854,718
Total public safety	49,233,401	51,850,645	50,687,318	1,163,327	(552,260)	50,135,058

City of Dearborn, Michigan

Budgetary Comparison Schedule – General Fund Year Ended June 30, 2006

	Budgeted Amounts		Actual on Budgetary Basis	Variance Favorable (Unfavorable)	Accounting Basis Adjustments	Actual
	Original	Final				
Public Works						
Administrative	\$ 505,902	\$ 443,585	\$ 427,659	\$ 15,926	\$ (6,125)	\$ 421,534
Engineering	3,088,645	2,997,307	2,868,295	129,012	(416,236)	2,452,059
Highways	2,888,266	3,537,741	3,272,468	265,273	(7,123)	3,265,345
Sanitation	4,851,242	4,781,520	4,770,573	10,947	(15,971)	4,754,602
MIS - Line	577,154	578,761	506,691	72,070	(1,901)	504,790
Nondepartmental - Street light repair	70,000	19,000	10,093	8,907	(5)	10,088
Total public works	11,981,209	12,357,914	11,855,779	502,135	(447,361)	11,408,418
Health and Welfare						
Public information:						
Administrative	542,592	548,381	519,260	29,121	(1)	519,259
Photography and micrographics	110,144	110,144	108,838	1,306	-	108,838
Health	414,082	468,653	420,130	48,523	(59,229)	360,901
Building and safety - Environmental services	36,668	30,779	19,241	11,538	(311)	18,930
Total health and welfare	1,103,486	1,157,957	1,067,469	90,488	(59,541)	1,007,928
Recreation and Culture						
Libraries	4,043,965	4,073,491	4,027,347	46,144	(23,279)	4,004,068
Public works	4,115,844	4,113,807	4,098,517	15,290	(47,734)	4,050,783
Recreation:						
Administrative	968,461	974,171	969,718	4,453	-	969,718
Programs	878,179	942,361	904,420	37,941	(2,139)	902,281
Outdoor pools	566,789	560,893	519,661	41,232	(562)	519,099
Community center:						
Admin/Athletics	1,840,228	1,844,300	1,749,625	94,675	(2,637)	1,746,988
Cultural arts	913,228	923,351	760,308	163,043	(2,991)	757,317
Senior services	666,755	661,238	493,565	167,673	(18)	493,547
Sports arena	858,596	874,596	721,567	153,029	(24,512)	697,055
Historical commission	518,645	531,845	531,145	700	(559)	530,586
Total recreation and culture	15,370,690	15,500,053	14,775,873	724,180	(104,431)	14,671,442
Community Improvement						
Community improvement	606,642	606,642	358,069	248,573	(27,500)	330,569
City plan	340,881	349,381	349,271	110	(372)	348,899
Total community improvement	947,523	956,023	707,340	248,683	(27,872)	679,468
Utilities	3,685,607	4,186,607	4,144,919	41,688	-	4,144,919
Capital Outlay/Projects	1,157,921	2,158,823	1,742,453	416,370	(189,458)	1,552,995
Total expenditures	102,459,460	107,731,593	102,857,943	4,873,650	(1,711,763)	101,146,180
Other Uses - Transfers out	4,093,222	9,336,685	9,229,049	107,636	-	9,229,049
Total expenditures and other uses	\$ 106,552,682	\$ 117,068,278	\$ 112,086,992	\$ 4,981,286	\$ (1,711,763)	\$ 110,375,229

Budgetary Accounting and Accountability

The City's budget is prepared in compliance with the uniform budgeting provisions of Michigan law. Budgets are adopted for all governmental and proprietary funds.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to April 15, the Mayor delivers the proposed budget to the City Council for the fiscal year commencing the following July 1. The budget includes identification of unusual circumstances, a comparative analysis covering the immediate past and the current budgets, together with the proposed budget, and a proposed general appropriations resolution.
2. The proposed budgets are reviewed through a series of meetings with the City Council, Mayor, Finance department, department directors, etc.
3. A public hearing is conducted to obtain taxpayers comments.
4. No later than June 13, the City Council shall pass a general appropriations resolution providing the authority to make expenditures and incur obligations on behalf of the City for the ensuing fiscal year.

Appropriations in the General Fund are controlled at the department level. Expenditures for all other governmental funds are controlled at the fund level. While the legislative budget is adopted at summary levels, administrative control is maintained at detail levels. Management may amend the budget at the detail level within summary constraints. During the fiscal year, it was necessary to make budget amendments.

The City maintains budgetary control through the use of a full encumbrance system. For budgetary purposes, appropriations lapse at fiscal year-end, except for the portion related to encumbered amounts and those amounts approved for carry forward by the City Council.

Budget to actual statements have been prepared in accordance with generally accepted accounting principles with the following exceptions:

- Encumbrances are included as expenditures.
- Project life re-appropriations to the following fiscal year are reported as appropriated reserve carry-forward.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary control in the General, Special Revenue and Capital Projects Funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitment will be honored during the subsequent year.

Other Supplemental Information

City of Dearborn, Michigan

Description of Nonmajor Funds Year Ended June 30, 2006

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The combined Special Revenue Funds are comprised of the following individual funds:

Major Street and Trunkline Fund and Local Street Fund – Both of these funds are established by state law to account for expenditures of state gas and weight tax collection allocations to the City. Their use is restricted to maintenance and construction of roads and streets and related expenditures. Ten percent of revenue may be expended for non-motorized transportation.

Camp Dearborn Operating Fund – This fund accounts for operation of the City's 626-acre park located near Milford, Michigan in Oakland County. This park is open to residents and their guests and offers a wide range of recreational activities. In FY2006, the operation required a subsidy from the General Fund.

Senior Citizen Furnishings Fund – This fund accounts for rental of furnishings to tenants in three senior citizen apartment buildings operated by the Dearborn Housing Commission. Maintenance and replacement of the furnishings is financed through this fund.

Drug Law Enforcement Fund – This fund is used to account for the proceeds of forfeitures resulting from drug law enforcement activities.

Library Aid Fund – This fund accounts for expenditure of library aid funds allocated to the City from the state. Use is restricted to library purposes.

Community Development Fund – This fund accounts for entitlement funds received through the Federal Community Development Block Grant Program. The City has participated in this program since its enactment by Congress in 1977.

Home Weatherization Fund – This fund accounts for weatherization grant funds received through the state of Michigan to assist eligible residents in weatherizing their homes.

Telecommunications Fund – This fund accounts for expenditure of revenue allocated through cable television franchise fees for the purpose of providing staff assistance to administer the cable television franchise and grant to promote access to the cable television system.

Designated Purposes Fund – This fund accounts for expenditures of various civic projects, which are financed by specific charges for services and by private contributions.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

City of Dearborn, Michigan

Description of Nonmajor Funds Year Ended June 30, 2006

Enterprise Funds

These funds report operations that provide services to citizens financed primarily by a user charge or activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Golf Course Fund – This fund accounts for the operation of Robert Herndon's Dearborn Hills Public Golf Course.

Seniors Apartment Operating Fund – This fund accounts for operation of the City's Housing Department which administers the Senior Citizen Housing Program. The fund also directly accounts for operation of two senior citizen apartment buildings, Hubbard Manor East and Hubbard Manor West, which consist of a total of 351 apartments. Administrative and other costs are billed to the Dearborn Towers Fund and to the Dearborn Housing Commission based on services provided.

Dearborn Towers Fund – This fund accounts for operation of an 88-unit senior citizen apartment building in Clearwater, Florida. The apartment building is intended to provide a Florida retirement home for eligible Dearborn residents.

Internal Service Funds

Equipment Replacement Fund – Computers and related equipment, as well as copiers are purchased by this fund for most city departments. Funding for the equipment is received by charging an annual equipment lease fee to each user department. This fund also accounts for the operation of the City's central storeroom.

Central Garage Fund – Central repair and maintenance services for vehicles and similar equipment are provided by the Motor Transport Division of the Department of Public Works. Such activities are accounted for within this fund. Routine maintenance of Camp Dearborn equipment is handled by Camp personnel. This fund is reimbursed by billing user departments. Replacement vehicles for general fund departments are funded through annual equipment lease fees charged to the departments.

Workers' Compensation and Employee Insurance Fund – This fund accounts for reserves established to support future expenditures for indemnity claims arising from work-related injuries. The City is self-insured for \$500,000 per occurrence with unlimited excess coverage and uses an insurance reserve method to determine funding requirements. The fund also handles employee life and dental insurance. Life insurance coverage is provided by an outside insurance company. Dental insurance is on a reimbursement basis with Delta Dental.

Fleet and General Liability Insurance Fund – This fund accounts for reserves established for both fleet and general liability insurance and related claims against the City. The City retains the first \$1,000,000 per occurrence. The first layer of insurance is \$5 million per occurrence. The excess layer is \$6 million per occurrence.

Fiduciary Funds

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and for other funds.

Agency Fund – This fund accounts for deposit of monies held by the City government in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Imprest Payroll Fund – This fund acts as a payroll-clearing mechanism to aggregate and distribute payroll deductions. Its use relates primarily to internal control and convenience in cash management.

19th District Court – This fund accounts for monies collected by the court as bonds or for eventual distribution to the City as the district control unit or the State of Michigan.

Pension Trust Funds – The City operates three retirement systems, which are accounted for in three separate funds. These funds include the General Employees' Retirement System Fund, covering all full-time general employees (excluding sworn police and fire), the Revised Police and Fire (Open) Retirement System Fund, which covers police and fire employees hired since 1956, and the Policemen's and Firemen's (Closed) Retirement System Fund, which covers police and fire employees hired prior to establishment of the revised system.

Retiree Death Benefit Fund – This fund accounts for reserves established to support future expenditures for death benefit claims. The City is self-insured. The fund has had an actuarial valuation that indicated the fund is in sound financial condition.

Postretirement Health Care Fund – This fund accounts for amounts reserved to pay future postretirement health insurance expenses. While primarily set aside for this purpose, resources remain available to the general creditors of the City. Funding is determined by actuarial studies to stabilize budget requirements as a percentage of pay.

City of Dearborn, Michigan

						Nonmajor
	Major Street and Trunkline Fund	Local Streets Fund	Camp Dearborn Operating Fund	Senior Citizens Furnishings Fund	Drug Law Enforcement Fund	Library Aid Fund
Assets						
Cash and cash equivalents	\$ 4,849,536	\$ 1,783,486	\$ 1,871,485	\$ -	\$ 1,900,565	\$ 72,181
Accounts receivable (Net)	56,473	1,461	13,605	-	-	-
Property taxes receivable	-	-	-	-	-	-
Accrued interest receivable	75,907	27,916	18,116	-	29,310	1,130
Due from other funds	-	552,423	-	-	-	-
Due from other governments	808,239	236,330	-	-	-	35,447
Prepaid items	-	-	8,210	-	-	-
Inventories	-	-	1,860	-	-	-
Investments, long-term	2,988,832	1,099,186	-	-	1,154,086	44,486
Total assets	\$ 8,778,987	\$ 3,700,802	\$ 1,913,276	\$ -	\$ 3,083,961	\$ 153,244
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 841,437	\$ 291,274	\$ 88,134	\$ -	\$ 61,113	\$ -
Accrued liabilities	-	-	64,593	-	-	-
Deposits/refunds payable	-	-	212,485	-	-	-
Due to other funds	552,423	-	-	-	49,528	-
Due to other governments	-	-	379	-	-	-
Debt obligations	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Claims payable	-	-	-	-	-	-
Total liabilities	1,393,860	291,274	365,591	-	110,641	-
Fund Balances:						
Reserve for encumbrances	3,327,085	2,072,922	41,569	-	361,474	27,969
Reserve for prepaid items	-	-	8,210	-	-	-
Reserved for debt service	-	-	-	-	-	-
Designated reserve	3,355,155	1,014,113	912,065	-	1,313,902	28,280
Unreserved - Undesignated	702,887	322,493	585,841	-	1,297,944	96,995
Total fund balances	7,385,127	3,409,528	1,547,685	-	2,973,320	153,244
Total liabilities and fund balances	\$ 8,778,987	\$ 3,700,802	\$ 1,913,276	\$ -	\$ 3,083,961	\$ 153,244

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006

Special Revenue Funds

Community Development Fund	Home Weatherization Fund	Tele- communications Fund	Designated Purposes Fund	Total Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
\$ -	\$ 18,556	\$ 378,337	\$ 3,032,362	\$13,906,508	\$ 208,494	\$ 14,115,002
-	-	163,561	49,331	284,431	820	285,251
-	-	-	-	-	21,956	21,956
-	180	5,919	17,732	176,210	3,538	179,748
-	-	-	10,000	562,423	-	562,423
263,902	-	-	-	1,343,918	42,992	1,386,910
-	-	1,643	-	9,853	-	9,853
-	-	-	-	1,860	-	1,860
-	-	233,051	-	5,519,641	-	5,519,641
<u>\$ 263,902</u>	<u>\$ 18,736</u>	<u>\$ 782,511</u>	<u>\$ 3,109,425</u>	<u>\$21,804,844</u>	<u>\$ 277,800</u>	<u>\$ 22,082,644</u>
\$ 5,240	\$ 5,216	\$ 18,724	\$ 40,194	\$ 1,351,332	\$ -	\$ 1,351,332
-	-	4,969	115	69,677	-	69,677
2,400	-	-	227,518	442,403	-	442,403
256,262	100	-	-	858,313	-	858,313
-	-	-	-	379	-	379
-	-	-	-	-	82,785	82,785
-	13,420	-	-	13,420	17,262	30,682
-	-	-	-	-	18,507	18,507
<u>263,902</u>	<u>18,736</u>	<u>23,693</u>	<u>267,827</u>	<u>2,735,524</u>	<u>118,554</u>	<u>2,854,078</u>
1,570,235	282	6,477	92,033	7,500,046	-	7,500,046
-	-	1,643	-	9,853	-	9,853
-	-	-	-	-	159,246	159,246
-	-	3,951	2,749,565	9,377,031	-	9,377,031
(1,570,235)	(282)	746,747	-	2,182,390	-	2,182,390
<u>-</u>	<u>-</u>	<u>758,818</u>	<u>2,841,598</u>	<u>19,069,320</u>	<u>159,246</u>	<u>19,228,566</u>
<u>\$ 263,902</u>	<u>\$ 18,736</u>	<u>\$ 782,511</u>	<u>\$ 3,109,425</u>	<u>\$21,804,844</u>	<u>\$ 277,800</u>	<u>\$ 22,082,644</u>

City of Dearborn, Michigan

Nonmajor

	Major Street and Trunkline Fund	Local Streets Fund	Camp Dearborn Operating Fund	Senior Citizens Furnishings Fund	Drug Law Enforcement Fund	Library Aid Fund
Revenues						
Taxes, assessments and penalties on taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues:						
State sources	6,374,922	1,719,619	-	-	-	70,626
Federal sources	436,503	-	-	-	-	-
Charges for services	-	-	260,806	-	-	-
Fines and forfeits	-	-	455	-	941,053	-
Rents and royalties	-	-	1,385,886	-	-	-
Miscellaneous revenue	72,687	5,019	30,597	-	850	-
Private source contributions	8,485	-	-	-	-	-
Investment income	371,717	57,963	69,156	8,373	120,214	7,977
Total revenues	7,264,314	1,782,601	1,746,900	8,373	1,062,117	78,603
Expenditures						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	423,105	-
Public works	3,938,951	5,057,761	-	-	-	-
Health and welfare	-	-	-	-	-	-
Recreation and culture	-	-	1,471,837	-	-	157,737
Community improvement	-	-	-	253,187	-	-
Utilities	-	-	280,376	-	39,096	-
Capital outlay	-	-	591,615	-	109,508	27,598
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	3,938,951	5,057,761	2,343,828	253,187	571,709	185,335
Revenues Over (Under) Expenditures	3,325,363	(3,275,160)	(596,928)	(244,814)	490,408	(106,732)
Other Financing Sources (Uses)						
Transfers in	-	5,018,168	500,000	-	-	-
Transfers out	(3,975,913)	(2,189)	-	-	(403,694)	-
Contribution to component unit	-	-	-	-	-	-
Total other financing sources (uses)	(3,975,913)	5,015,979	500,000	-	(403,694)	-
Net Change in Fund Balances	(650,550)	1,740,819	(96,928)	(244,814)	86,714	(106,732)
Fund Balances - Beginning of Year	8,035,677	1,668,709	1,644,613	244,814	2,886,606	259,976
Fund Balances - End of Year	\$ 7,385,127	\$ 3,409,528	\$ 1,547,685	\$ -	\$ 2,973,320	\$ 153,244

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended June 30, 2006**

Special Revenue Funds

Community Development Fund	Home Weatherization Fund	Tele- communications Fund	Designated Purposes Fund	Total Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,876,427	\$ 1,876,427
-	-	-	50	8,165,217	-	8,165,217
3,704,763	123,031	-	480,000	4,744,297	-	4,744,297
-	-	-	162,751	423,557	-	423,557
-	-	-	-	941,508	-	941,508
-	-	756,709	-	2,142,595	-	2,142,595
158,617	15,770	-	1,739,385	2,022,925	-	2,022,925
-	-	-	150,392	158,877	-	158,877
-	1,188	22,769	71,962	731,319	61,117	792,436
<u>3,863,380</u>	<u>139,989</u>	<u>779,478</u>	<u>2,604,540</u>	<u>19,330,295</u>	<u>1,937,544</u>	<u>21,267,839</u>
-	-	-	66,050	66,050	13,579	79,629
-	-	-	37,942	461,047	-	461,047
-	-	-	140,156	9,136,868	-	9,136,868
-	-	-	7,184	7,184	-	7,184
-	-	488,536	369,056	2,487,166	-	2,487,166
1,119,335	139,989	-	22,293	1,534,804	-	1,534,804
-	-	-	-	319,472	-	319,472
51,284	-	-	-	780,005	-	780,005
-	-	-	-	-	2,240,000	2,240,000
-	-	-	-	-	960,372	960,372
<u>1,170,619</u>	<u>139,989</u>	<u>488,536</u>	<u>642,681</u>	<u>14,792,596</u>	<u>3,213,951</u>	<u>18,006,547</u>
2,692,761	-	290,942	1,961,859	4,537,699	(1,276,407)	3,261,292
-	-	-	306,779	5,824,947	921,125	6,746,072
(2,692,761)	-	-	-	(7,074,557)	-	(7,074,557)
-	-	-	(457,707)	(457,707)	-	(457,707)
<u>(2,692,761)</u>	<u>-</u>	<u>-</u>	<u>(150,928)</u>	<u>(1,707,317)</u>	<u>921,125</u>	<u>(786,192)</u>
-	-	290,942	1,810,931	2,830,382	(355,282)	2,475,100
-	-	467,876	1,030,667	16,238,938	514,528	16,753,466
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 758,818</u>	<u>\$2,841,598</u>	<u>\$ 19,069,320</u>	<u>\$ 159,246</u>	<u>\$ 19,228,566</u>

City of Dearborn, Michigan

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Major Street & Trunkline Fund Year Ended June 30, 2006

	Final Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	Accounting Basis Adjustments	Actual
Revenues					
Intergovernmental revenues:					
State sources	\$ 6,606,693	\$ 6,374,922	\$ (231,771)	\$ -	\$ 6,374,922
Federal sources	336,719	436,503	99,784	-	436,503
Miscellaneous revenue	-	72,687	72,687	-	72,687
Private source contributions	-	8,485	8,485	-	8,485
Investment income	100,000	371,717	271,717	-	371,717
Total revenues	7,043,412	7,264,314	220,902	-	7,264,314
Expenditures - Public works	9,918,359	7,266,036	2,652,323	(3,327,085)	3,938,951
Revenues Over (Under) Expenditures	(2,874,947)	(1,722)	2,873,225	3,327,085	3,325,363
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	(4,054,636)	(3,975,913)	78,723	-	(3,975,913)
Total other financing sources (uses)	(4,054,636)	(3,975,913)	78,723	-	(3,975,913)
Net Change in Fund Balances	(6,929,583)	(3,977,635)	2,951,948	3,327,085	(650,550)
Fund Balances - Beginning of Year	8,035,677	8,035,677	-	-	8,035,677
Reserved for Encumbrances	-	3,327,085	3,327,085	(3,327,085)	-
Fund Balances - End of Year	<u>\$ 1,106,094</u>	<u>\$ 7,385,127</u>	<u>\$ 6,279,033</u>	<u>\$ -</u>	<u>\$ 7,385,127</u>

City of Dearborn, Michigan

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Local Street Fund Year Ended June 30, 2006

	Final Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	Accounting Basis Adjustments	Actual
Revenues					
Intergovernmental revenues:					
State sources	\$ 1,802,287	\$ 1,719,619	\$ (82,668)	\$ -	\$ 1,719,619
Miscellaneous revenue	-	5,019	5,019	-	5,019
Investment income	40,000	57,963	17,963	-	57,963
Total revenues	1,842,287	1,782,601	(59,686)	-	1,782,601
Expenditures - Public works	9,007,301	7,130,683	1,876,618	(2,072,922)	5,057,761
Revenues Over (Under) Expenditures	(7,165,014)	(5,348,082)	1,816,932	2,072,922	(3,275,160)
Other Financing Sources (Uses)					
Transfers in	5,755,131	5,018,168	(736,963)	-	5,018,168
Transfers out	(57,701)	(2,189)	55,512	-	(2,189)
Total other financing sources (uses)	5,697,430	5,015,979	(681,451)	-	5,015,979
Net Change in Fund Balances	(1,467,584)	(332,103)	1,135,481	2,072,922	1,740,819
Fund Balances - Beginning of Year	1,668,709	1,668,709	-	-	1,668,709
Reserved for Encumbrances	-	2,072,922	2,072,922	(2,072,922)	-
Fund Balances - End of Year	<u>\$ 201,125</u>	<u>\$ 3,409,528</u>	<u>\$ 3,208,403</u>	<u>\$ -</u>	<u>\$ 3,409,528</u>

City of Dearborn, Michigan

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Camp Dearborn Operating Fund Year Ended June 30, 2006

	Final Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	Accounting Basis Adjustments	Actual
Revenues					
Charges for Services:					
Use and admission	\$ 272,500	\$ 228,756	\$ (43,744)	\$ -	\$ 228,756
Sales	41,800	32,050	(9,750)	-	32,050
Fines and forfeits	2,000	455	(1,545)	-	455
Rents and royalties:					
Golf course	159,535	159,535	-	-	159,535
Oil exploration	16,200	152,555	136,355	-	152,555
Facilities	1,106,500	1,073,796	(32,704)	-	1,073,796
Miscellaneous revenue	32,500	30,597	(1,903)	-	30,597
Investment income	27,000	69,156	42,156	-	69,156
Total revenues	1,658,035	1,746,900	88,865	-	1,746,900
Expenditures					
Recreation and culture	1,557,330	1,503,013	54,317	(31,176)	1,471,837
Utilities	289,575	280,376	9,199	-	280,376
Capital outlay	1,606,074	602,008	1,004,066	(10,393)	591,615
Total expenditures	3,452,979	2,385,397	1,067,582	(41,569)	2,343,828
Revenues Over (Under) Expenditures	(1,794,944)	(638,497)	1,156,447	41,569	(596,928)
Other Financing Sources (Uses)					
Transfers in	500,000	500,000	-	-	500,000
Transfers out	-	-	-	-	-
Total other financing sources (uses)	500,000	500,000	-	-	500,000
Net Change in Fund Balances	(1,294,944)	(138,497)	1,156,447	41,569	(96,928)
Fund Balances - Beginning of Year	1,644,613	1,644,613	-	-	1,644,613
Reserved for Encumbrances	-	41,569	41,569	(41,569)	-
Fund Balances - End of Year	\$ 349,669	\$ 1,547,685	\$ 1,198,016	\$ -	\$ 1,547,685

City of Dearborn, Michigan

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Senior Citizens Furnishings Fund Year Ended June 30, 2006

	Final Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	Accounting Basis Adjustments	Actual
Revenues - Investment Income	\$ 3,000	\$ 8,373	\$ 5,373	\$ -	\$ 8,373
Expenditures - Community improvement	247,000	253,187	(6,187)	-	253,187
Revenues Over (Under) Expenditures	(244,000)	(244,814)	(814)	-	(244,814)
Fund Balances - Beginning of Year	244,814	244,814	-	-	244,814
Reserved for Encumbrances	-	-	-	-	-
Fund Balances - End of Year	<u>\$ 814</u>	<u>\$ -</u>	<u>\$ (814)</u>	<u>\$ -</u>	<u>\$ -</u>

City of Dearborn, Michigan

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Drug Law Enforcement Fund Year Ended June 30, 2006

	Final Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	Accounting Basis Adjustments	Actual
Revenues					
Fines and forfeits	\$ -	\$ 941,053	\$ 941,053	\$ -	\$ 941,053
Miscellaneous revenue	-	850	850	-	850
Investment income	50,000	120,214	70,214	-	120,214
Total revenues	50,000	1,062,117	1,012,117	-	1,062,117
Expenditures					
Public safety	651,103	448,068	203,035	(24,963)	423,105
Utilities	59,985	39,096	20,889	-	39,096
Capital outlay	291,340	186,644	104,696	(77,136)	109,508
Total expenditures	1,002,428	673,808	328,620	(102,099)	571,709
Revenues Over (Under) Expenditures	(952,428)	388,309	1,340,737	102,099	490,408
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	(786,501)	(663,069)	123,432	259,375	(403,694)
Total other financing sources (uses)	(786,501)	(663,069)	123,432	259,375	(403,694)
Net Change in Fund Balances	(1,738,929)	(274,760)	1,464,169	361,474	86,714
Fund Balances - Beginning of Year	2,886,606	2,886,606	-	-	2,886,606
Reserved for Encumbrances	-	361,474	361,474	(361,474)	-
Fund Balances - End of Year	<u>\$ 1,147,677</u>	<u>\$ 2,973,320</u>	<u>\$ 1,825,643</u>	<u>\$ -</u>	<u>\$ 2,973,320</u>

City of Dearborn, Michigan

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Library Aid Fund Year Ended June 30, 2006

	Final Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	Accounting Basis Adjustments	Actual
Revenues					
Intergovernment revenues:					
State sources	\$ 85,000	\$ 70,626	\$ (14,374)	\$ -	\$ 70,626
Investment income	4,000	7,977	3,977	-	7,977
Total revenues	89,000	78,603	(10,397)	-	78,603
Expenditures					
Recreation and culture	219,640	185,308	34,332	(27,571)	157,737
Capital outlay	33,242	27,996	5,246	(398)	27,598
Total expenditures	252,882	213,304	39,578	(27,969)	185,335
Revenues Over (Under) Expenditures	(163,882)	(134,701)	29,181	27,969	(106,732)
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	(50,000)	-	50,000	-	-
Total other financing sources (uses)	(50,000)	-	50,000	-	-
Net Change in Fund Balances	(213,882)	(134,701)	79,181	27,969	(106,732)
Fund Balances - Beginning of Year	259,976	259,976	-	-	259,976
Reserved for Encumbrances	-	27,969	27,969	(27,969)	-
Fund Balances - End of Year	<u>\$ 46,094</u>	<u>\$ 153,244</u>	<u>\$ 107,150</u>	<u>\$ -</u>	<u>\$ 153,244</u>

City of Dearborn, Michigan

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Community Development Fund Year Ended June 30, 2006

	Final Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	Accounting Basis Adjustments	Actual
Revenues					
Intergovernmental revenues:					
Federal sources	\$ 6,135,255	\$ 3,704,763	\$ (2,430,492)	\$ -	\$ 3,704,763
Miscellaneous revenue	195,555	158,617	(36,938)	-	158,617
Total revenues	6,330,810	3,863,380	(2,467,430)	-	3,863,380
Expenditures					
Community improvement	2,049,967	1,188,611	861,356	(69,276)	1,119,335
Capital Outlay	51,284	51,284	-	-	51,284
Total expenditures	2,101,251	1,239,895	861,356	(69,276)	1,170,619
Revenues Over (Under) Expenditures	4,229,559	2,623,485	(1,606,074)	69,276	2,692,761
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	(4,229,559)	(4,193,720)	35,839	1,500,959	(2,692,761)
Total other financing sources (uses)	(4,229,559)	(4,193,720)	35,839	1,500,959	(2,692,761)
Net Change in Fund Balances	-	(1,570,235)	(1,570,235)	1,570,235	-
Fund Balances - Beginning of Year	-	-	-	-	-
Reserved for Encumbrances	-	1,570,235	1,570,235	(1,570,235)	-
Fund Balances - End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

City of Dearborn, Michigan

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Home Weatherization Fund Year Ended June 30, 2006

	Final Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	Accounting Basis Adjustments	Actual
Revenues					
Intergovernmental revenues:					
Federal sources	\$ 237,049	\$ 123,031	\$ (114,018)	\$ -	\$ 123,031
State sources	63,210	15,770	(47,440)	-	15,770
Investment income	-	1,188	1,188	-	1,188
Total revenues	300,259	139,989	(160,270)	-	139,989
Expenditures - Community improvement	<u>300,259</u>	<u>140,271</u>	<u>159,988</u>	<u>(282)</u>	<u>139,989</u>
Revenues Over (Under) Expenditures	-	(282)	(282)	282	-
Fund Balances - Beginning of Year	-	-	-	-	-
Reserved for Encumbrances	<u>-</u>	<u>282</u>	<u>282</u>	<u>(282)</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Dearborn, Michigan

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Telecommunications Fund Year Ended June 30, 2006

	Final Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	Accounting Basis Adjustments	Actual
Revenues					
Rents and royalties	\$ 565,000	\$ 756,709	\$ 191,709	\$ -	\$ 756,709
Investment income	8,000	22,769	14,769	-	22,769
Total revenues	573,000	779,478	206,478	-	779,478
Expenditures					
Recreation and culture	559,946	495,013	64,933	(6,477)	488,536
Capital outlay	25,343	-	25,343	-	-
Total expenditures	585,289	495,013	90,276	(6,477)	488,536
Revenues Over (Under) Expenditures	(12,289)	284,465	296,754	6,477	290,942
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	135,300	-	(135,300)	-	-
Total other financing sources (uses)	135,300	-	(135,300)	-	-
Net Change in Fund Balances	123,011	284,465	161,454	6,477	290,942
Fund Balances - Beginning of Year	467,876	467,876	-	-	467,876
Reserved for Encumbrances	-	6,477	6,477	(6,477)	-
Fund Balances - End of Year	<u>\$ 590,887</u>	<u>\$ 758,818</u>	<u>\$ 167,931</u>	<u>\$ -</u>	<u>\$ 758,818</u>

City of Dearborn, Michigan

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Designated Purposes Fund Year Ended June 30, 2006

	Final Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	Accounting Basis Adjustments	Actual
Revenues					
Intergovernmental revenues:					
Federal sources	\$ 480,000	\$ 480,000	\$ -	\$ -	\$ 480,000
State sources	50	50	-	-	50
Charges for services	146,526	162,751	16,225	-	162,751
Miscellaneous revenue	1,739,385	1,739,385	-	-	1,739,385
Investment income	71,961	71,962	1	-	71,962
Private source contributions	150,392	150,392	-	-	150,392
Total revenues	2,588,314	2,604,540	16,226	-	2,604,540
Expenditures					
General government	278,420	85,362	193,058	(19,312)	66,050
Public safety	131,812	47,553	84,259	(9,611)	37,942
Public works	335,542	140,156	195,386	-	140,156
Health and welfare	14,278	7,184	7,094	-	7,184
Recreation and culture	2,685,210	432,166	2,253,044	(63,110)	369,056
Community improvement	22,316	22,293	23	-	22,293
Capital outlay	475	-	475	-	-
Total expenditures	3,468,053	734,714	2,733,339	(92,033)	642,681
Revenues Over (Under) Expenditures	(879,739)	1,869,826	2,749,565	92,033	1,961,859
Other Financing Sources (Uses)					
Transfers in	306,779	306,779	-	-	306,779
Transfers out	-	-	-	-	-
Contribution to component unit	(457,707)	(457,707)	-	-	(457,707)
Total other financing sources (uses)	(150,928)	(150,928)	-	-	(150,928)
Net Change in Fund Balances	(1,030,667)	1,718,898	2,749,565	92,033	1,810,931
Fund Balances - Beginning of Year	1,030,667	1,030,667	-	-	1,030,667
Reserved for Encumbrances	-	92,033	92,033	(92,033)	-
Fund Balances - End of Year	\$ -	\$ 2,841,598	\$ 2,841,598	\$ -	\$ 2,841,598

City of Dearborn, Michigan

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Debt Service Fund Year Ended June 30, 2006

	Final Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	Accounting Basis Adjustments	Actual
Revenues					
Taxes, assessments and penalties on taxes	\$ 1,808,180	\$ 1,876,427	\$ 68,247	\$ -	\$ 1,876,427
Investment income	30,000	61,117	31,117	-	61,117
Total revenues	1,838,180	1,937,544	99,364	-	1,937,544
Expenditures					
General government	15,000	13,579	1,421	-	13,579
Debt service:					
Principal	2,240,000	2,240,000	-	-	2,240,000
Interest and fiscal charges	968,650	960,372	8,278	-	960,372
Total expenditures	3,223,650	3,213,951	9,699	-	3,213,951
Revenues Over (Under) Expenditures	(1,385,470)	(1,276,407)	109,063	-	(1,276,407)
Other Financing Sources (Uses)					
Transfers in	921,352	921,125	227	-	921,125
Transfers out	-	-	-	-	-
Total other financing sources (uses)	921,352	921,125	227	-	921,125
Net Change in Fund Balances	(464,118)	(355,282)	(108,836)	-	(355,282)
Fund Balances - Beginning of Year	514,528	514,528	-	-	514,528
Fund Balances - End of Year	\$ 50,410	\$ 159,246	108,836	\$ -	\$ 159,246

City of Dearborn, Michigan

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Capital Projects Fund Year Ended June 30, 2006

	Final Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	Accounting Basis Adjustments	Actual
Revenues					
Intergovernmental revenues:					
State sources	\$ 731,215	\$ 1,898	\$ (729,317)	\$ -	\$ 1,898
Federal sources	548,105	63,591	(484,514)	-	63,591
Miscellaneous revenue	84,377	22,689	(61,688)	-	22,689
Private source contributions	-	98,171	98,171	-	98,171
Investment income	200,566	422,223	221,657	-	422,223
Total revenues	1,564,263	608,572	(955,691)	-	608,572
Expenditures					
Capital outlay	20,943,073	4,930,462	16,012,611	(1,576,345)	3,354,117
Debt service:					
Principal	525,000	525,000	-	-	525,000
Interest and fiscal charges	269,370	269,370	-	-	269,370
Total expenditures	21,737,443	5,724,832	16,012,611	(1,576,345)	4,148,487
Revenues Over (Under) Expenditures	(20,173,180)	(5,116,260)	15,056,920	1,576,345	(3,539,915)
Other Financing Sources (Uses)					
Transfers in	7,216,185	6,312,068	(904,117)	-	6,312,068
Transfers out	-	-	-	-	-
Contribution to component unit	(78,372)	(78,372)	-	-	(78,372)
Total other financing sources (uses)	7,137,813	6,233,696	(904,117)	-	6,233,696
Net Change in Fund Balances	(13,035,367)	1,117,436	14,152,803	1,576,345	2,693,781
Fund Balances - Beginning of Year	15,458,023	15,458,023	-	-	15,458,023
Reserved for Encumbrances	-	1,576,345	1,576,345	(1,576,345)	-
Fund Balances - End of Year	<u>\$ 2,422,656</u>	<u>\$18,151,804</u>	<u>\$ 15,729,148</u>	<u>\$ -</u>	<u>\$18,151,804</u>

City of Dearborn, Michigan

Combining Statement of Net Assets Nonmajor Enterprise Funds June 30, 2006

	Golf Course	Seniors Apartment Operating Fund	Dearborn Towers Fund	Total Nonmajor Enterprise Funds
Assets				
Current assets:				
Cash and cash equivalents	\$ 154,182	\$ 4,234,172	\$ 666,232	\$ 5,054,586
Accounts receivable (net)	320	33,656	-	33,976
Accrued interest receivable	2,955	66,270	10,224	79,449
Prepaid items	3,857	40,099	42,931	86,887
Inventories	60,588	-	-	60,588
Total current assets	<u>221,902</u>	<u>4,374,197</u>	<u>719,387</u>	<u>5,315,486</u>
Noncurrent assets:				
Restricted cash and investments:				
Debt service	151,410	-	-	151,410
Investments, long-term	-	2,609,391	402,570	3,011,961
Capital assets (Net)	<u>3,516,011</u>	<u>4,405,148</u>	<u>741,852</u>	<u>8,663,011</u>
Total noncurrent assets	<u>3,667,421</u>	<u>7,014,539</u>	<u>1,144,422</u>	<u>11,826,382</u>
Total assets	<u>3,889,323</u>	<u>11,388,736</u>	<u>1,863,809</u>	<u>17,141,868</u>
Liabilities				
Current liabilities:				
Accounts payable	25,179	96,502	36,444	158,125
Accrued interest payable	21,410	-	-	21,410
Accrued liabilities	27,258	47,072	-	74,330
Deposits/refunds payable	124,324	129,837	35,941	290,102
Due to other governments	5,575	-	-	5,575
Due to other funds	1,358	-	-	1,358
Deferred revenue	20,490	1,976	1,493	23,959
Current portion of long-term debt	195,000	-	-	195,000
Total current liabilities	<u>420,594</u>	<u>275,387</u>	<u>73,878</u>	<u>769,859</u>
Noncurrent liabilities:				
Other liabilities	21,394	109,515	-	130,909
Long-term debt, net of current portion	2,299,800	-	-	2,299,800
Advance from other funds	299,667	-	-	299,667
Total noncurrent liabilities	<u>2,620,861</u>	<u>109,515</u>	<u>-</u>	<u>2,730,376</u>
Total liabilities	<u>3,041,455</u>	<u>384,902</u>	<u>73,878</u>	<u>3,500,235</u>
Net Assets				
Invested in capital assets, net of debt	721,544	4,405,148	741,852	5,868,544
Restricted for:				
Debt Service	126,324	-	-	126,324
Unrestricted	-	6,598,686	1,048,079	7,646,765
Total net assets	<u>\$ 847,868</u>	<u>\$ 11,003,834</u>	<u>\$ 1,789,931</u>	<u>\$ 13,641,633</u>

City of Dearborn, Michigan

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets Nonmajor Enterprise Funds Year Ended June 30, 2006

	Golf Course	Seniors Apartment Operating Fund	Dearborn Towers Fund	Total Nonmajor Enterprise Funds
Operating Revenues				
Sales	\$ 576,533	\$ -	\$ -	\$ 576,533
Charges for services	517,560	939,449	-	1,457,009
Rents and royalties	206,109	1,822,260	609,109	2,637,478
Miscellaneous	86,061	26,347	18,548	130,956
Total operating revenues	<u>1,386,263</u>	<u>2,788,056</u>	<u>627,657</u>	<u>4,801,976</u>
Operating Expenses				
Personnel services	686,421	1,526,383	-	2,212,804
Contractual services	56,115	93,627	153,868	303,610
Insurance and bonds	18,262	63,732	59,262	141,256
Utilities	53,479	449,153	98,767	601,399
Repairs and maintenance	22,040	178,320	125,495	325,855
Supplies	73,236	37,892	35,510	146,638
Cost of sales	160,823	-	-	160,823
Cost of rentals	4,548	3,356	-	7,904
Taxes	-	-	117,134	117,134
Depreciation	281,116	243,903	30,964	555,983
Other	57,719	8,012	1,919	67,650
Total operating expenses	<u>1,413,759</u>	<u>2,604,378</u>	<u>622,919</u>	<u>4,641,056</u>
Operating Income (Loss)	(27,496)	183,678	4,738	160,920
Nonoperating Revenues (Expenses)				
Investment income	9,849	264,529	41,047	315,425
Other interest	(149,641)	-	-	(149,641)
Total nonoperating revenues (expenses)	<u>(139,792)</u>	<u>264,529</u>	<u>41,047</u>	<u>165,784</u>
Net Income (Loss)	(167,288)	448,207	45,785	326,704
Net Assets - Beginning of Year	<u>1,015,156</u>	<u>10,555,627</u>	<u>1,744,146</u>	<u>13,314,929</u>
Net Assets - End of Year	<u>\$ 847,868</u>	<u>\$ 11,003,834</u>	<u>\$ 1,789,931</u>	<u>\$ 13,641,633</u>

City of Dearborn, Michigan

Combining Statement of Cash Flows Nonmajor Enterprise Funds Year Ended June 30, 2006

	Golf Course	Seniors Apartment Operating Fund	Dearborn Towers Fund	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities				
Receipts from customers	\$ 1,288,520	\$ 2,767,159	\$ 609,562	\$ 4,665,241
Payments to suppliers	(494,023)	(734,462)	(573,983)	(1,802,468)
Payments to employees	(680,268)	(1,505,818)	-	(2,186,086)
Other receipts (payments)	143,778	18,335	16,629	178,742
Net cash provided (used) by operating activities	259,365	545,214	52,208	856,787
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	(6,076)	(57,496)	-	(63,572)
Principal paid on debt	(168,300)	-	-	(168,300)
Interest paid on debt	(150,997)	-	-	(150,997)
Repayment of advance from other funds	(51,000)	-	-	(51,000)
Net cash provided (used) by capital and related financing activities	(376,373)	(57,496)	-	(433,869)
Cash Flows from Investing Activities				
Net sale (purchase) of investments	-	(1,355,775)	(202,720)	(1,558,495)
Investment income	9,426	243,524	38,039	290,989
Net cash provided (used) by investing activities	9,426	(1,112,251)	(164,681)	(1,267,506)
Net Increase (Decrease) in Cash and Cash Equivalents	(107,582)	(624,533)	(112,473)	(844,588)
Cash and Cash Equivalents - Beginning of Year	413,174	4,858,705	778,705	6,050,584
Cash and Cash Equivalents - End of Year	\$ 305,592	\$ 4,234,172	\$ 666,232	\$ 5,205,996
Cash and Cash Equivalents - Unrestricted	\$ 154,182	\$ 4,234,172	\$ 666,232	\$ 5,054,586
Cash and Cash Equivalents - Restricted	151,410	-	-	151,410
Cash and Cash Equivalents - End of Year	\$ 305,592	\$ 4,234,172	\$ 666,232	\$ 5,205,996

City of Dearborn, Michigan

Combining Statement of Cash Flows Nonmajor Enterprise Funds Year Ended June 30, 2006

	Golf Course	Seniors Apartment Operating Fund	Dearborn Towers Fund	Total Nonmajor Enterprise Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (27,496)	\$ 183,678	\$ 4,738	\$ 160,920
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	281,116	243,904	30,964	555,984
Change in assets and liabilities:				
Accounts receivable	(290)	(31,276)	609	(30,957)
Due from other governments	-	38,088	-	38,088
Prepaid items	14,508	763	(14,229)	1,042
Inventories	3,741	-	-	3,741
Accounts payable	(10,561)	58,225	30,282	77,946
Accrued liabilities	2,231	32,629	-	34,860
Customer deposits	(449)	842	(1,649)	(1,256)
Accrued vacation and sick leave	6,154	20,565	-	26,719
Due to other funds	1,358	-	-	1,358
Due to other governments	(4)	-	-	(4)
Deferred revenue	(10,943)	(2,204)	1,493	(11,654)
Net cash provided (used) by operating activities	<u>\$ 259,365</u>	<u>\$ 545,214</u>	<u>\$ 52,208</u>	<u>\$ 856,787</u>

City of Dearborn, Michigan

Combining Statement of Net Assets Internal Service Funds June 30, 2006

	Equipment Replacement Fund	Central Garage Fund	Workers' Compensation and Employee Insurance Fund	Fleet & General Liability Insurance Fund	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,422,411	\$ 2,761,069	\$ 3,195,267	\$ 6,208,385	\$ 13,587,132
Accounts receivable (Net)	-	-	11,138	24,169	35,307
Accrued interest receivable	14,534	42,330	48,738	60,122	165,724
Due from other funds	-	-	-	2,400	2,400
Prepaid items	-	17,029	-	924,541	941,570
Inventories	20,652	204,730	-	-	225,382
Total current assets	<u>1,457,597</u>	<u>3,025,158</u>	<u>3,255,143</u>	<u>7,219,617</u>	<u>14,957,515</u>
Noncurrent assets:					
Restricted cash and investments:					
Debt service	44,832	-	-	-	44,832
Investment, long-term	-	1,610,524	1,919,055	-	3,529,579
Property, Plant and Equipment - net	<u>917,130</u>	<u>6,478,247</u>	<u>-</u>	<u>-</u>	<u>7,395,377</u>
Total noncurrent assets	<u>961,962</u>	<u>8,088,771</u>	<u>1,919,055</u>	<u>-</u>	<u>10,969,788</u>
Total assets	<u>2,419,559</u>	<u>11,113,929</u>	<u>5,174,198</u>	<u>7,219,617</u>	<u>25,927,303</u>
Liabilities					
Current liabilities:					
Accounts payable	112,811	908,623	104,354	14,227	1,140,015
Accrued interest payable	2,749	-	-	-	2,749
Accrued liabilities	-	23,566	-	-	23,566
Current portion of long-term debt	<u>505,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>505,000</u>
Total current liabilities	<u>620,560</u>	<u>932,189</u>	<u>104,354</u>	<u>14,227</u>	<u>1,671,330</u>
Noncurrent liabilities:					
Long-term debt, net of current portion	500,000	-	-	-	500,000
Other liabilities	-	41,103	-	-	41,103
Claims payable	-	-	3,608,506	3,288,240	6,896,746
Total noncurrent liabilities	<u>500,000</u>	<u>41,103</u>	<u>3,608,506</u>	<u>3,288,240</u>	<u>7,437,849</u>
Total liabilities	<u>1,120,560</u>	<u>973,292</u>	<u>3,712,860</u>	<u>3,302,467</u>	<u>9,109,179</u>
Net Assets					
Invested in capital assets, net of debt	917,130	6,478,247	-	-	7,395,377
Unrestricted	<u>381,869</u>	<u>3,662,390</u>	<u>1,461,338</u>	<u>3,917,150</u>	<u>9,422,747</u>
Total net assets	<u>\$ 1,298,999</u>	<u>\$ 10,140,637</u>	<u>\$ 1,461,338</u>	<u>\$ 3,917,150</u>	<u>\$ 16,818,124</u>

City of Dearborn, Michigan

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets Internal Service Funds Year Ended June 30, 2006

	Equipment Replacement Fund	Central Garage Fund	Workers' Compensation and Employee Insurance Fund	Fleet & General Liability Insurance Fund	Total
Operating Revenues					
Charges for services	\$ -	\$ 3,341,653	\$ -	\$ -	\$ 3,341,653
Rents and royalties	720,693	1,745,546	-	-	2,466,239
City contributions for insurance premiums	-	-	1,208,919	1,334,768	2,543,687
Miscellaneous	740	4,513	36,104	2,264	43,621
Total operating revenues	<u>721,433</u>	<u>5,091,712</u>	<u>1,245,023</u>	<u>1,337,032</u>	<u>8,395,200</u>
Operating Expenses					
Contractual services	-	-	1,113,860	35,341	1,149,201
Cost of sales	89,851	3,572,067	-	-	3,661,918
Depreciation	181,674	1,259,681	-	-	1,441,355
Insurance and bonds	-	-	93,256	1,070,801	1,164,057
Insurance benefits	-	-	68,543	-	68,543
Claims and judgments	-	-	942,101	694,511	1,636,612
Other	-	-	1,727	64,329	66,056
Total operating expenses	<u>271,525</u>	<u>4,831,748</u>	<u>2,219,487</u>	<u>1,864,982</u>	<u>9,187,742</u>
Operating Income (Loss)	449,908	259,964	(974,464)	(527,950)	(792,542)
Nonoperating Revenues (Expenses)					
Investment income	79,081	140,469	185,602	258,667	663,819
Other interest	(50,619)	-	-	-	(50,619)
Loss on disposal of assets	(19,354)	-	-	-	(19,354)
Total nonoperating revenues (expenses)	<u>9,108</u>	<u>140,469</u>	<u>185,602</u>	<u>258,667</u>	<u>593,846</u>
Income (Loss) before Operating Transfers	459,016	400,433	(788,862)	(269,283)	(198,696)
Transfers					
Transfers in	-	178,000	-	250,000	428,000
Net transfers	<u>-</u>	<u>178,000</u>	<u>-</u>	<u>250,000</u>	<u>428,000</u>
Net Income (Loss)	459,016	578,433	(788,862)	(19,283)	229,304
Net Assets - Beginning of Year	839,983	9,562,204	2,250,200	3,936,433	16,588,820
Net Assets - End of Year	<u>\$ 1,298,999</u>	<u>\$ 10,140,637</u>	<u>\$ 1,461,338</u>	<u>\$ 3,917,150</u>	<u>\$ 16,818,124</u>

City of Dearborn, Michigan

	Equipment Replacement Fund	Central Garage Fund
Cash Flows from Operating Activities		
Receipts from customers	\$ 720,693	\$ 5,087,199
Payments to suppliers	3,341	(1,492,924)
Payments to employees	-	(1,340,374)
Internal activity	-	125,973
Claims paid	-	-
Other receipts (payments)	740	4,513
Net cash provided (used) by operating activities	<u>724,774</u>	<u>2,384,387</u>
Cash Flows from Noncapital Financing Activities		
Transfers in	-	178,000
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>178,000</u>
Cash Flows from Capital and Related Financing Activities		
Principal paid on debt	(495,000)	-
Prepaid interest on debt	(51,765)	-
Acquisition and construction of capital assets	<u>(603,961)</u>	<u>(2,047,186)</u>
Net cash provided (used) by capital and related financing activities	<u>(1,150,726)</u>	<u>(2,047,186)</u>
Cash Flows from Investing Activities		
Net sale (purchase) of investments	-	(846,679)
Investment income	69,259	125,764
Net cash provided (used) by investing activities	<u>69,259</u>	<u>(720,915)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(356,693)	(205,714)
Cash and Cash Equivalents - Beginning of Year	1,823,936	2,966,783
Cash and Cash Equivalents - End of Year	<u>\$ 1,467,243</u>	<u>\$ 2,761,069</u>
Cash and Cash Equivalents - Unrestricted	\$ 1,422,411	\$ 2,761,069
Cash and Cash Equivalents - Restricted	44,832	-
Cash and Cash Equivalents - End of Year	<u>\$ 1,467,243</u>	<u>\$ 2,761,069</u>

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2006

Workers' Compensation and Employee Insurance Fund	Fleet & General Liability Insurance Fund	Total
\$ 1,207,591	\$ 1,310,599	\$ 8,326,082
(1,258,055)	(2,433,509)	(5,181,147)
-	-	(1,340,374)
-	1,329,554	1,455,527
1	318,568	318,569
34,377	(57,264)	(17,634)
<u>(16,086)</u>	<u>467,948</u>	<u>3,561,023</u>
<u>-</u>	<u>250,000</u>	<u>428,000</u>
<u>-</u>	<u>250,000</u>	<u>428,000</u>
-	-	(495,000)
-	-	(51,765)
<u>-</u>	<u>-</u>	<u>(2,651,147)</u>
<u>-</u>	<u>-</u>	<u>(3,197,912)</u>
(918,859)	-	(1,765,538)
172,978	237,448	605,449
<u>(745,881)</u>	<u>237,448</u>	<u>(1,160,089)</u>
(761,967)	955,396	(368,978)
3,957,234	5,252,989	14,000,942
<u>\$ 3,195,267</u>	<u>\$ 6,208,385</u>	<u>\$ 13,631,964</u>
\$ 3,195,267	\$ 6,208,385	\$ 13,587,132
-	-	44,832
<u>\$ 3,195,267</u>	<u>\$ 6,208,385</u>	<u>\$ 13,631,964</u>

City of Dearborn, Michigan

	Equipment Replacement Fund	Central Garage Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 449,908	\$ 259,964
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	181,674	1,259,681
Change in assets and liabilities:		
Accounts receivable	-	-
Due from other funds	-	140,473
Prepaid items	-	8
Inventories	(2,814)	(23,898)
Accounts payable	96,006	748,230
Accrued liabilities	-	10,691
Accrued vacation and sick leave	-	3,738
Due to other funds	-	(14,500)
Due to other governments	-	-
Claims payable	-	-
Net cash provided (used) by operating activities	<u>\$ 724,774</u>	<u>\$ 2,384,387</u>

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2006

Workers' Compensation and Employee Insurance Fund	Fleet & General Liability Insurance Fund	Total
<hr/>		
\$ (974,464)	\$ (527,950)	\$ (792,542)
-	-	1,441,355
(1,327)	(24,169)	(25,496)
-	1,899,450	2,039,923
-	139,374	139,382
-	-	(26,712)
17,603	3,595	865,434
-	-	10,691
-	-	3,738
-	(569,896)	(584,396)
-	(1,470,336)	(1,470,336)
942,102	1,017,880	1,959,982
<hr/>		
<u>\$ (16,086)</u>	<u>\$ 467,948</u>	<u>\$ 3,561,023</u>

City of Dearborn, Michigan

	(Closed) General Employees' Retirement System Fund	(Open) Revised Police & Fire Retirement System Fund	(Closed) Policemen's & Firemen's Retirement System Fund
Assets			
Cash and cash equivalents	\$ 2,257,746	\$ 3,187,744	\$ 1,223,833
Receivables:			
Interest and dividends	395,927	617,074	143,659
Other	51,539	206,910	-
Investments, at fair value:			
Long-term bonds	67,103,264	102,278,748	22,459,613
Common stock	7,282,671	11,595,126	-
Collateral pledged on securities loaned	8,947,837	10,626,599	2,017,256
Real estate	6,206,189	10,948,797	2,498,114
Mutual funds	48,534,918	95,842,386	12,933,981
Total investments	<u>138,074,879</u>	<u>231,291,656</u>	<u>39,908,964</u>
Total assets	<u>140,780,091</u>	<u>235,303,384</u>	<u>41,276,456</u>
Liabilities			
Accounts payable	1,559,957	2,198,077	809,813
Deferred revenue	-	84,659	-
Amounts due to broker under securities lending agreement	<u>8,947,837</u>	<u>10,626,599</u>	<u>2,017,256</u>
Total liabilities	<u>10,507,794</u>	<u>12,909,335</u>	<u>2,827,069</u>
Net Assets			
Held in trust for pension benefits and other employee benefits	<u>\$ 130,272,297</u>	<u>\$ 222,394,049</u>	<u>\$ 38,449,387</u>

Combining Statement of Net Assets
Fiduciary Pension & Other Employee Benefits Funds
June 30, 2006

Retiree Death Benefit Fund	Postretirement Healthcare Fund	Total
\$ 1,910,007	\$ 986,457	\$ 9,565,787
29,897	127,870	1,314,427
-	155,964	414,413
1,177,162	10,975,217	203,994,004
-	14,820,931	33,698,728
-	-	21,591,692
-	-	19,653,100
-	-	157,311,285
<u>1,177,162</u>	<u>25,796,148</u>	<u>436,248,809</u>
<u>3,117,066</u>	<u>27,066,439</u>	<u>447,543,436</u>
3,500	-	4,571,347
-	-	84,659
-	-	21,591,692
<u>3,500</u>	<u>-</u>	<u>26,247,698</u>
<u>\$ 3,113,566</u>	<u>\$ 27,066,439</u>	<u>\$ 421,295,738</u>

City of Dearborn, Michigan

	(Closed) General Employees' Retirement System Fund	(Open) Revised Police & Fire Retirement System Fund	(Closed) Policemen's & Firemen's Retirement System Fund
Additions			
Investment income:			
Interest and dividends	\$ 6,670,617	\$ 8,782,273	\$ 3,317,045
Net increase in value of investments	6,229,004	12,791,317	281,136
Net investment income	<u>12,899,621</u>	<u>21,573,590</u>	<u>3,598,181</u>
Contributions:			
Employer	3,581,494	5,886,916	-
Employee	1,284	1,185,804	-
Other income	8,927	-	-
Total contributions	<u>3,591,705</u>	<u>7,072,720</u>	<u>-</u>
Total additions	16,491,326	28,646,310	3,598,181
Deductions			
Benefit payments	8,152,192	8,960,657	3,837,708
Refunds of contributions	156,258	1,129,860	-
Administrative expenses	396,961	603,585	109,414
Total deductions	<u>8,705,411</u>	<u>10,694,102</u>	<u>3,947,122</u>
Change in Net Assets	7,785,915	17,952,208	(348,941)
Net Assets - Beginning of Year	122,486,382	204,441,841	38,798,328
Net Assets - End of Year	<u>\$ 130,272,297</u>	<u>\$ 222,394,049</u>	<u>\$ 38,449,387</u>

**Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Pension & Other Employee Benefits Funds
Year Ended June 30, 2006**

Retiree Death Benefit Fund	Postretirement Healthcare Fund	Total
\$ 122,919	\$ 1,545,648	\$ 20,438,502
-	(461,109)	18,840,348
<u>122,919</u>	<u>1,084,539</u>	<u>39,278,850</u>
-	9,749,629	19,218,039
12,772	-	1,199,860
-	479,873	488,800
<u>12,772</u>	<u>10,229,502</u>	<u>20,906,699</u>
135,691	11,314,041	60,185,549
64,000	7,895,701	28,910,258
-	-	1,286,118
-	68,112	1,178,072
<u>64,000</u>	<u>7,963,813</u>	<u>31,374,448</u>
71,691	3,350,228	28,811,101
3,041,875	23,716,211	392,484,637
<u>\$ 3,113,566</u>	<u>\$ 27,066,439</u>	<u>\$ 421,295,738</u>

City of Dearborn, Michigan

Combining Statement of Net Assets Fiduciary Agency Funds June 30, 2006

	Agency Fund	Imprest Payroll Fund	District Court Fund	Total
Assets				
Cash and cash equivalents	\$ 8,037,025	\$ 845,868	\$ 75,000	\$ 8,957,893
Accounts Receivable (Net)	9,866	-	263,285	273,151
Accrued interest receivable	27,797	8,191	-	35,988
Due from other governments	593,008	-	-	593,008
Total assets	<u>\$ 8,667,696</u>	<u>\$ 854,059</u>	<u>\$ 338,285</u>	<u>\$ 9,860,040</u>
Liabilities				
Accounts payable	\$ 412,731	\$ 697,786	\$ 55,800	\$ 1,166,317
Deposits/refunds payable	5,485,572	-	-	5,485,572
Due to other funds	9,051	-	-	9,051
Due to other governments	2,602,486	156,273	282,485	3,041,244
Other liabilities	157,856	-	-	157,856
Total liabilities	<u>\$ 8,667,696</u>	<u>\$ 854,059</u>	<u>\$ 338,285</u>	<u>\$ 9,860,040</u>

City of Dearborn, Michigan

Statement of Changes in Assets and Liabilities Fiduciary Agency Funds Year Ended June 30, 2006

Agency Fund:

	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
Assets				
Cash and cash equivalents	\$ 2,043,063	\$ 636,277,993	\$ 630,284,031	\$ 8,037,025
Investments - Short-term	1,007,379	-	1,007,379	-
Accounts Receivable (Net)	10,678	9,866	10,678	9,866
Accrued interest receivable	7,826	27,797	7,826	27,797
Due from other funds	67	-	67	-
Due from other governments	-	1,551,980	958,972	593,008
Investments - Long-term	-	216,736	216,736	-
Total assets	<u>\$ 3,069,013</u>	<u>\$ 638,084,372</u>	<u>\$ 632,485,689</u>	<u>\$ 8,667,696</u>
Liabilities				
Accounts payable	\$ 416,159	\$ 177,593,702	\$ 177,597,130	\$ 412,731
Deposits/refunds payable	2,462,767	11,391,157	8,368,352	5,485,572
Special programs	-	112,759	112,759	-
Due to other funds	-	9,051	-	9,051
Due to other governments	37,923	205,299,489	202,734,926	2,602,486
Other liabilities	152,164	243,678,214	243,672,522	157,856
Total liabilities	<u>\$ 3,069,013</u>	<u>\$ 638,084,372</u>	<u>\$ 632,485,689</u>	<u>\$ 8,667,696</u>

Imprest Payroll Fund:

	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
Assets				
Cash and cash equivalents	\$ 72,522	\$ 81,125,535	\$ 80,352,189	\$ 845,868
Investments - Short-term	1,485,648	-	1,485,648	-
Accrued interest receivable	11,541	8,191	11,541	8,191
Total assets	<u>\$ 1,569,711</u>	<u>\$ 81,133,726</u>	<u>\$ 81,849,378</u>	<u>\$ 854,059</u>
Liabilities				
Payroll deductions payable	\$ 664,811	\$ 38,200,907	\$ 38,167,932	\$ 697,786
Due to other funds	-	22,005,119	22,005,119	-
Due to other governments	904,900	17,575,113	18,323,740	156,273
Other liabilities	-	3,352,587	3,352,587	-
Total liabilities	<u>\$ 1,569,711</u>	<u>\$ 81,133,726</u>	<u>\$ 81,849,378</u>	<u>\$ 854,059</u>

City of Dearborn, Michigan

Statement of Changes in Assets and Liabilities Fiduciary Agency Funds Year Ended June 30, 2006

District Court Fund:

	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
Assets				
Cash and cash equivalents	\$ 75,000	\$ 5,050,071	\$ 5,050,071	\$ 75,000
Accounts Receivable (Net)	289,158	1,482,777	1,508,650	263,285
Total assets	<u>\$ 364,158</u>	<u>\$ 6,532,848</u>	<u>\$ 6,558,721</u>	<u>\$ 338,285</u>
Liabilities				
Accounts payable	\$ 55,800	\$ 3,687,447	\$ 3,687,447	\$ 55,800
Due to other governments	308,358	2,845,401	2,871,274	282,485
Total liabilities	<u>\$ 364,158</u>	<u>\$ 6,532,848</u>	<u>\$ 6,558,721</u>	<u>\$ 338,285</u>

Total - All Fiduciary Agency Funds:

	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
Assets				
Cash and cash equivalents	\$ 2,190,585	\$ 722,453,599	\$ 715,686,291	\$ 8,957,893
Investments - Short-term	2,493,027	-	2,493,027	-
Accounts Receivable (Net)	299,836	1,492,643	1,519,328	273,151
Accrued interest receivable	19,367	35,988	19,367	35,988
Due from other funds	67	-	67	-
Due from other governments	-	1,551,980	958,972	593,008
Investments - Long-term	-	216,736	216,736	-
Total assets	<u>\$ 5,002,882</u>	<u>\$ 725,750,946</u>	<u>\$ 720,893,788</u>	<u>\$ 9,860,040</u>
Liabilities				
Accounts payable	\$ 471,959	\$ 181,281,149	\$ 181,284,577	\$ 468,531
Payroll deductions payable	664,811	38,200,907	38,167,932	697,786
Deposits/refunds payable	2,462,767	11,391,157	8,368,352	5,485,572
Special programs	-	112,759	112,759	-
Due to other funds	-	22,014,170	22,005,119	9,051
Due to other governments	1,251,181	225,720,003	223,929,940	3,041,244
Other liabilities	152,164	247,030,801	247,025,109	157,856
Total liabilities	<u>\$ 5,002,882</u>	<u>\$ 725,750,946</u>	<u>\$ 720,893,788</u>	<u>\$ 9,860,040</u>

This part of the City of Dearborn comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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Financial Trends.....	125-131
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	132-139
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes.	
Debt Capacity.....	140-148
These schedule present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information.....	149-150
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	151-154
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

City of Dearborn, Michigan

Net Assets by Component Last Five Fiscal Years (accrual basis of accounting)

	Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
Governmental Activities:					
Invested in capital assets, net of related debt	\$ 93,090,284	\$ 97,729,862	\$ 96,668,519	\$ 100,547,204	\$ 107,826,375
Restricted	14,634,583	8,855,356	10,113,127	10,252,064	31,205,744
Unrestricted	55,685,815	67,848,767	74,831,204	72,982,717	50,220,578
Total net assets	<u>\$ 163,410,682</u>	<u>\$ 174,433,985</u>	<u>\$ 181,612,850</u>	<u>\$ 183,781,985</u>	<u>\$ 189,252,697</u>
Business Type Activities:					
Invested in capital assets, net of related debt	\$ 105,538,716	\$ 111,541,001	\$ 109,651,802	\$ 102,117,776	\$ 133,916,701
Restricted	6,369,441	6,537,046	15,871,374	38,417,150	15,844,548
Unrestricted	25,365,505	23,481,131	19,800,509	18,414,591	32,267,945
Total net assets	<u>\$ 137,273,662</u>	<u>\$ 141,559,178</u>	<u>\$ 145,323,685</u>	<u>\$ 158,949,517</u>	<u>\$ 182,029,194</u>
Primary government in total:					
Invested in capital assets, net of related debt	\$ 198,629,000	\$ 209,270,863	\$ 206,320,321	\$ 202,664,980	\$ 241,743,076
Restricted	21,004,024	15,392,402	25,984,501	48,669,214	47,050,292
Unrestricted	81,051,320	91,329,898	94,631,713	91,397,308	82,488,523
Total net assets	<u>\$ 300,684,344</u>	<u>\$ 315,993,163</u>	<u>\$ 326,936,535</u>	<u>\$ 342,731,502</u>	<u>\$ 371,281,891</u>

City of Dearborn, Michigan

Changes in Governmental Net Assets Last Five Fiscal Years (accrual basis of accounting)

	Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
Expenses					
General government	\$ 21,730,347	\$ 18,871,321	\$ 17,310,436	\$ 21,122,681	\$ 17,970,243
Public safety	40,868,279	41,989,725	43,694,680	50,323,782	53,815,679
Public works	20,067,364	17,788,591	18,699,976	15,991,362	15,735,740
Health and welfare	1,285,601	959,491	910,537	960,649	1,033,980
Recreation and culture	19,858,453	17,914,835	19,441,507	20,302,546	20,887,064
Community improvement	3,320,005	2,059,947	5,002,834	3,496,589	3,057,027
Interest on long-term debt	1,832,203	1,699,622	2,015,054	1,319,681	1,207,120
Total expenses	108,962,252	101,283,532	107,075,024	113,517,290	113,706,853
Program revenues					
Charges for services					
General government	3,493,392	3,775,406	3,337,927	3,205,671	3,688,843
Public safety	6,497,900	6,403,387	7,573,247	6,990,454	7,604,854
Public works	1,990,516	1,927,063	1,936,530	1,808,400	1,784,182
Health and welfare	163,303	147,129	193,905	181,967	182,536
Recreation and culture	4,981,832	5,742,031	6,160,059	6,480,262	6,138,877
Community improvement	-	9,900	19,708	30,093	7,692
Total charges for services	17,126,943	18,004,916	19,221,376	18,696,847	19,406,984
Operating grants and contributions	2,597,130	9,513,651	9,905,623	9,528,743	11,220,655
Capital grants and contributions	10,290,450	2,682,159	4,183,852	4,136,188	4,890,813
Total program revenues	30,014,523	30,200,726	33,310,851	32,361,778	35,518,452
Net (expense) revenue	(78,947,729)	(71,082,806)	(73,764,173)	(81,155,512)	(78,188,401)
General revenues					
Property taxes	65,241,844	69,606,407	70,714,812	71,536,045	72,786,959
Intergovernmental revenues	11,880,503	11,588,244	10,362,606	10,225,375	9,967,910
Investment earnings	2,644,794	1,624,449	1,071,777	2,109,219	3,761,071
Miscellaneous	254,347	303,058	370,216	164,447	127,871
Total general revenues	80,021,488	83,122,158	82,519,411	84,035,086	86,643,811
Gain (loss) on sale of capital assets	(287,978)	(441,656)	(773,009)	-	(215,000)
Transfers	(4,804,261)	(574,393)	(803,364)	(710,439)	(2,769,698)
Change in net assets	\$ (4,018,480)	\$ 11,023,303	\$ 7,178,865	\$ 2,169,135	\$ 5,470,712

City of Dearborn, Michigan

Changes in Business-type Net Assets Last Five Fiscal Years (accrual basis of accounting)

	Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
Expenses					
Housing	\$ 2,660,315	\$ 2,979,089	\$ 3,849,819	\$ 3,064,323	\$ 3,227,297
Golf course	1,659,954	1,590,276	1,542,704	1,601,870	1,563,400
Parking	46,507	447,201	407,820	473,676	608,254
Sewer	14,472,824	15,253,728	16,964,560	17,921,160	16,737,924
Water	9,725,444	11,212,753	11,158,986	11,122,419	10,717,015
Total expenses	28,565,044	31,483,047	33,923,889	34,183,448	32,853,890
Program revenues					
Charges for services					
Housing	2,838,066	3,008,055	3,128,263	3,169,921	3,370,818
Golf course	1,490,634	1,387,653	1,303,327	1,347,301	1,300,202
Parking	-	475,938	383,650	745,981	389,658
Sewer	15,081,039	15,883,338	18,442,613	19,537,082	19,660,321
Water	12,162,970	12,321,633	12,115,556	11,056,895	15,047,237
Total charges for services	31,572,709	33,076,617	35,373,409	35,857,180	39,768,236
Operating grants and contributions	-	-	23,775	-	-
Capital grants and contributions	15,502	498,029	2,556,992	9,707,284	7,084,833
Total program revenues	31,588,211	33,574,646	37,954,176	45,564,464	46,853,069
Net (expense) revenue	3,023,167	2,091,599	4,030,287	11,381,016	13,999,179
General revenues					
Property taxes	-	-	-	-	3,218,635
Intergovernmental revenues	-	-	102,836	73,862	-
Investment earnings	1,287,064	782,382	519,669	1,316,732	2,016,375
Miscellaneous	187,135	320,541	138,351	143,783	1,075,790
Total general revenues	1,474,199	1,102,923	760,856	1,534,377	6,310,800
Gain (loss) on sale of capital assets	(1,640,838)	516,601	-	-	-
Special items-loss on abandoned assets	-	-	(1,830,000)	-	-
Transfers	4,804,261	574,393	803,364	710,439	2,769,698
Change in net assets	\$ 7,660,789	\$ 4,285,516	\$ 3,764,507	\$ 13,625,832	\$ 23,079,677

City of Dearborn, Michigan

	As of June 30,			
	1997	1998	1999	2000
General fund				
Reserved	\$ 4,944,681	\$ 6,107,647	\$ 9,811,958	\$ 15,390,637
Unreserved	20,314,214	22,780,950	27,306,636	22,542,248
Total general fund	<u>\$ 25,258,895</u>	<u>\$ 28,888,597</u>	<u>\$ 37,118,594</u>	<u>\$ 37,932,885</u>
 All other governmental funds				
Reserved	\$ 9,599,648	\$ 42,024,886	\$ 40,693,496	\$ 27,266,116
Unreserved, reported in:				
Special revenue funds	7,245,560	4,653,226	5,535,800	2,574,043
Debt service fund	-	-	-	-
Capital project fund	693,047	201,509	249,470	1,304,921
Total all other governmental funds	<u>\$ 17,538,255</u>	<u>\$ 46,879,621</u>	<u>\$ 46,478,766</u>	<u>\$ 31,145,080</u>

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(accrual basis of accounting)

As of June 30,					
2001	2002	2003	2004	2005	2006
\$ 4,017,656	\$ 6,076,610	\$ 10,115,777	\$ 11,183,559	\$ 8,433,491	\$ 11,631,922
35,801,751	30,274,711	28,042,650	32,060,409	34,158,361	24,705,707
<u>\$ 39,819,407</u>	<u>\$ 36,351,321</u>	<u>\$ 38,158,427</u>	<u>\$ 43,243,968</u>	<u>\$ 42,591,852</u>	<u>\$ 36,337,629</u>
\$ 26,393,103	\$ 21,238,669	\$ 24,799,034	\$ 28,425,497	\$ 31,208,243	\$ 35,197,980
1,527,620	3,396,018	2,639,359	3,033,591	1,003,246	2,182,390
-	291,545	350,940	325,862	-	-
846,795	5,100,079	4,351,008	2,225,393	-	-
<u>\$ 28,767,518</u>	<u>\$ 30,026,311</u>	<u>\$ 32,140,341</u>	<u>\$ 34,010,343</u>	<u>\$ 32,211,489</u>	<u>\$ 37,380,370</u>

City of Dearborn, Michigan

	Year Ended June 30,			
	1997	1998	1999	2000
Revenue				
Taxes, assessments and penalties on taxes	\$ 54,014,791	\$ 56,004,407	\$ 60,554,851	\$ 61,157,824
Licenses and permits	2,807,771	3,535,801	3,581,248	3,011,125
Intergovernmental revenues:				
State sources	15,098,575	16,284,962	17,302,376	17,461,613
Federal sources	2,170,825	4,229,981	5,427,807	5,829,180
Other sources	184,917	168,362	140,024	154,600
Charges for services	4,620,493	5,419,994	5,520,853	6,165,817
Fines and forfeitures	3,566,059	3,684,662	3,813,800	3,830,334
Rents and royalties	3,343,998	3,345,316	3,730,243	3,640,486
Miscellaneous revenue	1,338,068	1,808,351	2,937,016	1,509,526
Private source contributions	-	-	-	-
Investment income	3,715,100	4,022,965	5,328,131	5,221,675
Total revenue	<u>90,860,597</u>	<u>98,504,801</u>	<u>108,336,349</u>	<u>107,982,180</u>
Expenditures				
General government	14,822,333	16,041,650	14,603,777	14,790,708
Public safety	32,056,716	33,369,633	33,714,411	34,656,797
Public works	13,707,848	14,960,691	16,634,184	17,895,920
Health and welfare	1,369,790	1,486,508	1,781,441	1,753,200
Recreation and culture	10,202,842	10,093,579	11,441,459	10,847,849
Community improvement	1,836,871	2,236,427	2,168,819	2,176,281
Utilities	3,300,035	3,231,120	3,372,766	3,197,104
Capital outlay	16,016,473	15,417,181	13,117,607	32,770,626
Debt service - principal	1,587,774	380,000	1,310,000	1,910,000
Debt service - interest	1,034,181	641,452	2,208,006	2,074,138
Total expenditures	<u>95,934,863</u>	<u>97,858,241</u>	<u>100,352,470</u>	<u>122,072,623</u>
Revenue Over (Under) Expenditures	(5,074,266)	646,560	7,983,879	(14,090,443)
Other Financing Sources (Uses)				
Proceeds from bonds issued	-	32,419,604	-	-
Refunding bonds issued	-	-	-	-
Payments from (to) escrow agent	-	-	-	-
Transfers in	6,914,211	12,174,951	12,241,170	15,583,919
Transfers out	(6,851,499)	(12,270,048)	(12,395,907)	(16,012,871)
Contribution to component unit	-	-	-	-
Total other financing sources (uses)	<u>62,712</u>	<u>32,324,507</u>	<u>(154,737)</u>	<u>(428,952)</u>
Net Change in Fund Balances	(5,011,554)	32,971,067	7,829,142	(14,519,395)
Fund Balances - Beginning of year	<u>47,808,705</u>	<u>42,797,151</u>	<u>75,768,218</u>	<u>83,597,360</u>
Fund Balances - End of year	<u>\$ 42,797,151</u>	<u>\$ 75,768,218</u>	<u>\$ 83,597,360</u>	<u>\$ 69,077,965</u>
Debt service as a percentage of noncapital expenditures	3.28%	1.24%	4.03%	4.46%

Note 1 - FY2001 beginning fund balance has been restated to reflect a change in accounting methods.

Note 2 - FY2002 beginning fund balance does not agree with the prior year ending balance due to the implementation of GASB 34.

Changes in Fund Balances, Government Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Year Ended June 30,					
2001	2002	2003	2004	2005	2006
\$ 63,365,685	\$ 65,368,159	\$ 68,535,593	\$ 71,225,476	\$ 71,636,846	\$ 73,074,475
3,738,384	2,194,914	2,567,285	3,012,402	2,484,862	2,211,330
18,571,632	18,273,158	18,445,599	18,144,074	17,556,775	18,724,037
1,854,291	4,392,843	3,128,156	4,201,011	4,286,267	5,792,025
159,840	201,261	176,453	158,521	174,776	116,796
5,077,691	7,807,213	8,576,251	9,910,066	9,605,652	9,789,794
4,157,970	4,951,743	4,093,236	3,722,143	3,615,747	4,480,045
3,881,396	4,441,195	4,824,692	4,860,730	5,066,367	5,206,021
1,108,284	1,985,055	2,083,898	1,779,416	2,070,831	2,537,007
1,259,156	347,662	286,271	395,049	553,421	257,048
5,561,743	2,633,805	1,623,318	1,071,016	2,108,961	3,761,071
108,736,072	112,597,008	114,340,752	118,479,904	119,160,505	125,949,649
15,605,502	19,636,300	16,607,919	17,137,937	17,802,197	17,625,581
35,414,787	38,231,736	39,361,005	40,209,968	47,448,269	50,596,105
16,127,975	21,290,195	18,421,532	19,752,523	18,740,517	20,545,286
1,427,595	1,245,330	985,036	898,637	951,384	1,015,112
12,073,395	15,577,675	15,490,932	15,719,462	16,625,373	17,158,608
1,850,478	2,044,095	2,097,139	4,017,796	1,856,829	2,214,272
3,667,627	3,670,306	3,987,263	3,840,690	4,060,359	4,464,391
22,158,121	12,523,615	6,888,289	4,120,128	8,373,440	5,687,117
2,050,000	2,215,000	2,340,000	2,465,000	2,630,000	2,765,000
1,961,452	1,839,548	1,707,568	1,842,076	1,347,823	1,229,742
112,336,932	118,273,800	107,886,683	110,004,217	119,836,191	123,301,214
(3,600,860)	(5,676,792)	6,454,069	8,475,687	(675,686)	2,648,435
-	-	-	-	-	-
-	-	-	8,630,000	-	-
-	-	-	(8,475,000)	-	-
20,819,314	15,160,852	10,984,992	11,636,915	8,000,313	13,105,908
(19,847,608)	(17,917,036)	(13,517,923)	(13,312,059)	(9,775,597)	(16,303,606)
-	-	-	-	-	(536,079)
971,706	(2,756,184)	(2,532,931)	(1,520,144)	(1,775,284)	(3,733,777)
(2,629,154)	(8,432,976)	3,921,138	6,955,543	(2,450,970)	(1,085,342)
71,216,079	74,810,606	66,377,630	70,298,768	77,254,311	74,803,341
\$ 68,586,925	\$ 66,377,630	\$ 70,298,768	\$ 77,254,311	\$ 74,803,341	\$ 73,717,999
Note 1	Note 2				
4.45%	3.83%	4.01%	4.07%	3.57%	3.40%

City of Dearborn, Michigan

Real Property Taxable Value						
Tax Year	Fiscal Year	Residential	Commercial	Industrial	Industrial Facilities Tax (IFT)	Total Real
1996	1997	\$ 1,384,263,250	\$ 685,429,199	\$ 301,555,695	\$ 47,734,600	\$ 2,418,982,744
1997	1998	1,433,279,541	707,144,032	304,740,957	48,491,550	2,493,656,080
1998	1999	1,492,909,434	744,746,122	305,310,162	51,189,150	2,594,154,868
1999	2000	1,553,991,975	756,515,660	347,101,809	18,867,950	2,676,477,394
2000	2001	1,627,849,973	818,018,779	359,114,973	22,300,250	2,827,283,975
2001	2002	1,721,162,010	862,920,714	362,082,837	21,897,700	2,968,063,261
2002	2003	1,821,761,592	931,693,660	376,411,376	141,545,850	3,271,412,478
2003	2004	1,891,783,975	956,905,879	381,595,698	165,315,700	3,395,601,252
2004	2005	1,975,915,384	978,301,152	388,619,725	178,011,500	3,520,847,761
2005	2006	2,053,916,387	1,011,807,684	392,315,199	176,638,200	3,634,677,470

Note: Under Michigan law, the revenue base is Taxable Value.

Taxable Value and Assessed Value of Taxable Property Last Ten Fiscal Years

Personal Property Taxable Value				Direct Tax Rate (mills)	Assessed Value	Taxable as a % of Assessed Value
Personal	Industrial Facilities Tax (IFT)	Total Personal	Total Taxable Value			
\$ 1,071,022,400	\$ 174,782,850	\$ 1,245,805,250	\$ 3,664,787,994	14.78	\$ 3,721,234,261	98.48%
1,101,105,100	200,674,450	1,301,779,550	3,795,435,630	14.78	3,900,341,013	97.31%
1,101,505,350	235,583,450	1,337,088,800	3,931,243,668	15.38	4,115,287,007	95.53%
1,146,611,650	227,276,050	1,373,887,700	4,050,365,094	15.28	4,335,105,048	93.43%
1,038,909,600	263,580,400	1,302,490,000	4,129,773,975	15.33	4,542,072,991	90.92%
999,888,600	342,183,650	1,342,072,250	4,310,135,511	15.33	4,825,232,278	89.32%
937,258,600	345,849,100	1,283,107,700	4,554,520,178	15.32	5,176,232,134	87.99%
900,530,150	326,484,900	1,227,015,050	4,622,616,302	15.29	5,353,056,598	86.35%
852,123,859	347,813,200	1,199,937,059	4,720,784,820	15.27	5,499,856,383	85.83%
828,261,796	383,426,000	1,211,687,796	4,846,365,266	15.86	5,645,658,764	85.84%

City of Dearborn, Michigan

Millage Rates - Direct City Taxes						Overlapping Taxes		
Tax Year	Fiscal Year	General Operating	Debt	Special Purpose	Total Direct Taxes	County (1)	Community College (2)	Intermediate School District
Dearborn School District								
1996	1997	13.5500	-	1.2300	14.7800	8.5000	2.5000	2.0000
1997	1998	13.5500	-	1.2300	14.7800	8.5000	2.5000	2.0000
1998	1999	13.6800	0.6000	1.1000	15.3800	8.5000	2.5000	2.0000
1999	2000	13.6600	0.5000	1.1200	15.2800	8.4572	2.5000	2.0000
2000	2001	13.6600	0.5500	1.1200	15.3300	8.4039	2.4735	1.9789
2001	2002	13.6500	0.5500	1.1300	15.3300	8.3905	2.4735	1.9753
2002	2003	13.6500	0.5400	1.1300	15.3200	8.6390	2.4735	3.4643
2003	2004	13.6275	0.5400	1.1225	15.2900	8.6361	2.4596	3.4643
2004	2005	13.5900	0.5200	1.1600	15.2700	8.6354	2.4596	3.4643
2005	2006	13.6275	1.1100	1.1225	15.8600	8.6346	3.0000	3.4643
Westwood School District								
1996	1997	13.5500	-	1.2300	14.7800	8.5000	1.2100	2.0000
1997	1998	13.5500	-	1.2300	14.7800	8.5000	1.1900	2.0000
1998	1999	13.6800	0.6000	1.1000	15.3800	8.5000	1.1500	2.0000
1999	2000	13.6600	0.5000	1.1200	15.2800	8.4572	1.0190	2.0000
2000	2001	13.6600	0.5500	1.1200	15.3300	8.4039	1.0000	1.9789
2001	2002	13.6500	0.5500	1.1300	15.3300	8.3905	2.4995	1.9753
2002	2003	13.6500	0.5400	1.1300	15.3200	8.6390	2.4862	3.4643
2003	2004	13.6275	0.5400	1.1225	15.2900	8.6361	2.4862	3.4643
2004	2005	13.5900	0.5200	1.1600	15.2700	8.6354	2.4844	3.4643
2005	2006	13.6275	1.1100	1.1225	15.8600	8.6346	2.4769	3.4643

Note: Michigan law restricts the maximum millage that may be levied by the City without a vote of our residents, as follows:

	General Operating	Debt	Special Purpose
2005	13.6275	no limit	2.7254

- (1) County rate includes all Wayne County, Huron Clinton Metropolitan Park Authority and Wayne County Transit Authority (Smart) tax rates.
- (2) Henry Ford Community College is part of the Dearborn School System. Westwood school taxpayers pay a Wayne County Community College rate.
- (3) A homeowner's Principal Residence Exemption (P.R.E.) grants up to 18 mill of school tax relief to qualified homeowners (Public Act 105 of 2003, MCL 211.7cc). It is administered by the local assessor and affects the local tax bill. An independent state homestead property tax credit (MCL 206.508 et seq.) to qualified homeowners and renters is administered directly by the Michigan Department of Treasury as additional tax relief.
- (4) Dearborn School's P.R.E rate includes a "Homestead Supplemental" rate. This is applied to P.R.E. tax parcels only.

Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

	Total Tax Rate		Total Tax Rate	Overlapping Taxes	Total Tax Rate
State Education Tax (SET)	Before School Taxes	School P.R.E. (4)	P.R.E. (3)(4)	School Non - P.R.E.	Non - P.R.E.
6.0000	33.7800	8.4400	76.0000	20.2700	54.0500
6.0000	33.7800	8.3000	75.8600	20.1300	53.9100
6.0000	34.3800	8.1500	76.9100	19.9800	54.3600
6.0000	34.2372	8.0900	76.5644	19.9400	54.1772
6.0000	34.1863	8.0247	76.3973	19.9200	54.1063
6.0000	34.1693	8.0247	76.3633	19.9200	54.0893
6.0000	35.8968	9.9447	81.7383	21.8400	57.7368
5.0000	34.8500	9.9521	79.6521	22.0600	56.9100
6.0000	35.8293	10.0760	81.7346	22.4200	58.2493
6.0000	36.9589	9.1588	83.0766	21.9400	58.8989
6.0000	32.4900	3.0000	67.9800	21.0000	53.4900
6.0000	32.4700	3.0000	67.9400	21.0000	53.4700
6.0000	33.0300	3.0000	69.0600	21.0000	54.0300
6.0000	32.7562	3.0000	68.5124	21.0000	53.7562
6.0000	32.7128	2.9709	68.3965	20.9709	53.6837
6.0000	34.1953	2.9376	71.3282	20.9358	55.1311
6.0000	35.9095	2.9026	74.7216	20.8720	56.7815
5.0000	34.8766	2.8790	72.6322	20.8484	55.7250
6.0000	35.8541	2.8274	74.5356	20.4931	56.3472
6.0000	36.4358	2.7767	75.6483	20.1844	56.6202

City of Dearborn, Michigan

Principal Property Taxpayers Current Year and Nine Years Previous

Taxpayer	2005			1996		
	Taxable Value	Rank	Percentage of total	Taxable Value	Rank	Percentage of total
Ford Motor Company	\$ 1,101,083,960	1	22.72%	\$ 1,075,336,863	1	30.96%
Severstal Steel Company	128,420,625	2	2.65%	-	-	-
Dearborn Industrial Generation	89,662,325	3	1.85%	-	-	-
Visteon	57,524,241	4	1.19%	-	-	-
Fairlane Town Center	48,922,600	5	1.01%	52,744,158	3	1.52%
Detroit Edison Company	48,729,046	6	1.01%	35,541,555	6	1.02%
The ACG (AAA of Michigan)	38,362,271	7	0.79%	16,966,050	10	0.49%
Hallwood Management Co	38,198,194	8	0.79%	41,846,986	5	1.20%
IBM Corporation	25,737,950	9	0.53%	28,322,100	7	0.82%
Hyatt Regency	24,581,928	10	0.51%	-	-	-
Rouge Steel Company	-	-	-	148,376,525	2	4.27%
U. S. Leasing Capital	-	-	-	43,787,450	4	1.26%
Mich-Con Gas Company	22,190,000	-	0.46%	23,914,669	8	0.69%
United Technologies (Essex Group)	-	-	-	18,823,400	9	0.54%
Total taxable value of ten largest taxpayers	1,623,413,140		33.50%	1,485,659,756		42.77%
Total taxable value of all other taxpayers	3,222,952,126		66.50%	1,987,650,813		57.23%
Total taxable value of all taxpayers	<u>\$ 4,846,365,266</u>		<u>100.00%</u>	<u>\$ 3,473,310,569</u>		<u>100.00%</u>

Note: Taxes are billed and collected as current beginning in July one year through February of the following year.
Taxable values include Ad Valorem and Industrial Facilities Tax (Act 198) taxable values.

City of Dearborn, Michigan

Collection Period July 1 to February 28	Tax Year	Tax Levy as Adjusted	Collections Respective Tax Year	Percent Collected	Delinquent Tax
1996-1997	1996	\$ 52,438,176	\$51,574,376	98.4%	\$ 863,800
1997-1998	1997	54,261,356	53,261,910	98.2%	999,446
1998-1999	1998	56,114,743	54,739,079	97.5%	1,375,664
1999-2000	1999	57,839,175	56,724,431	98.1%	1,114,744
2000-2001	2000	58,709,163	57,383,776	97.7%	1,325,387
2001-2002	2001	60,993,513	59,572,542	97.7%	1,420,971
2002-2003	2002	63,690,538	61,096,759	95.9%	2,593,779
2003-2004	2003	64,668,527	62,830,392	97.2%	1,838,135
2004-2005	2004	65,902,430	63,585,712	96.5%	2,316,718
2005-2006	2005	66,782,028	64,661,825	96.8%	2,120,203

Tax Year	Delinquent Tax	Collections		
		Fiscal Year 2005-2006	Prior Fiscal Years	Total
1996	\$ 863,800	\$ -	\$ 902,656	\$ 902,656
1997	999,446	-	966,599	966,641
1998	1,375,664	-	1,322,013	1,322,013
1999	1,114,744	-	1,104,678	1,104,678
2000	1,325,387	-	1,398,051	1,398,051
2001	1,420,971	17,398	1,641,687	1,659,085
2002	2,593,779	712,697	2,098,236	2,810,333
2003	1,838,135	157,086	1,729,607	1,886,693
2004	2,316,718	2,352,168	53,787	2,405,955
2005	2,120,203	62,682	-	62,682

Property Taxes Levied, Collected and Outstanding Last Ten Fiscal Years

Delinquent Tax Collections	Delinquent Balance as of June 30, 2006	Cumulative Collections (Current and Delinquent)	Percent Collected
\$ 863,800	\$ -	\$ 52,438,176	100.0%
999,446	-	54,261,356	100.0%
1,326,732	48,932	56,065,811	99.9%
1,064,927	49,817	57,789,358	99.9%
1,325,387	-	58,709,163	100.0%
1,356,763	64,208	60,929,305	99.9%
2,227,266	366,513	63,324,025	99.4%
1,465,833	372,302	64,296,225	99.4%
1,739,486	577,232	65,325,198	99.1%
(24,010)	2,144,213	64,637,815	96.8%

Adjustments	Delinquent Balance as of June 30, 2006
\$ 38,856	\$ -
(32,805)	-
(4,719)	48,932
39,751	49,817
72,664	-
302,322	64,208
583,667	366,513
420,860	372,302
666,469	577,232
86,692	2,144,213

City of Dearborn, Michigan

	1997	1998	1999	2000
Governmental activities:				
General obligation bonds	\$ 12,927,738	\$ 43,555,300	\$ 42,251,496	\$ 40,345,765
Business type activities:				
General obligation bonds	3,653,100	3,564,000	3,465,000	3,356,100
Revenue bonds	30,593,689	29,296,251	27,951,439	26,539,001
Total business type activities	34,246,789	32,860,251	31,416,439	29,895,101
Total debt of the government	\$ 47,174,527	\$ 76,415,551	\$ 73,667,935	\$ 70,240,866
Total residential personal income	NA	NA	NA	\$ 2,100,989,200
Ratio of total debt to personal income	NA	NA	NA	3.34%
Total population	84,306	93,400	95,600	97,775
Total debt per capita	\$ 560	\$ 818	\$ 771	\$ 718

Note: The City of Dearborn has no installment purchase agreements, special assessment bonds or capital leases.

Ratios of Outstanding Debt Last Ten Fiscal Years

2001	2002	2003	2004	2005	2006
\$ 38,299,929	\$ 36,090,041	\$ 33,752,890	\$ 33,611,717	\$ 30,489,918	\$ 27,217,946
3,237,300	3,108,600	2,970,000	14,889,626	47,132,660	68,401,337
25,046,563	23,794,125	27,376,520	26,723,565	24,953,267	23,052,972
28,283,863	26,902,725	30,346,520	41,613,191	72,085,927	91,454,309
\$ 66,583,792	\$ 62,992,766	\$ 64,099,410	\$ 75,224,908	\$ 102,575,845	\$ 118,672,255
\$ 2,100,989,200	\$ 2,100,989,200	\$ 2,100,989,200	\$ 2,100,989,200	\$ 2,067,333,614	2,067,333,614
3.17%	3.00%	3.05%	3.58%	4.96%	5.74%
98,929	99,879	99,824	99,499	99,382	99,909
\$ 673	\$ 631	\$ 642	\$ 756	\$ 1,032	\$ 1,188

City of Dearborn, Michigan

Fiscal Year	Limited tax General Obligation Bonds (LTGO)	Tax Supported Bonds (UTGO)	Less Pledged Debt Service Funds	Other General Obligation Debt	Net General Bonded Debt
1997	\$ 11,509,286	\$ -	\$ -	\$ 1,418,452	\$ 12,927,738
1998	19,695,300	23,860,000	77,198	-	43,632,498
1999	19,301,496	22,950,000	349,824	-	42,601,320
2000	18,470,765	21,875,000	198,553	-	40,544,318
2001	17,599,929	20,700,000	247,348	-	38,547,277
2002	16,690,041	19,400,000	291,545	-	36,381,586
2003	15,727,890	18,025,000	350,940	-	34,103,830
2004	17,036,717	16,575,000	325,862	-	33,937,579
2005	15,439,918	15,050,000	514,528	-	31,004,446
2006	13,767,946	13,450,000	159,246	-	27,377,192

Ratios of General Bond Debt Outstanding Last Ten Fiscal Years

Taxable Value		Debt as a Percentage of Taxable Value	Population	Debt per Capita
\$	3,664,787,994	0.35%	84,306	\$ 153
	3,795,435,630	1.15%	93,400	467
	3,931,243,668	1.08%	95,660	445
	4,050,365,094	1.00%	97,775	415
	4,129,773,975	0.93%	98,929	390
	4,310,135,511	0.84%	99,879	364
	4,554,520,178	0.75%	99,824	342
	4,622,616,302	0.73%	99,499	341
	4,720,784,820	0.66%	99,382	312
	4,846,365,266	0.56%	99,909	274

City of Dearborn, Michigan

Computation of Direct and Overlapping Bonded Debt General Obligation Bonds June 30, 2006

Government Unit	Net Bonded Debt Outstanding	Percentage Applicable to Government	Amount Applicable to Government	Per Capita
Direct - City of Dearborn	\$ 30,489,918	100.00%	\$ 30,489,918	\$ 305
Overlapping (1):				
Dearborn School District	196,282,000	95.09%	186,644,554	1,868
Westwood School District	280,000	6.53%	18,284	-
Wayne County at large	103,012,320	8.87%	9,137,193	91
Wayne County Community College	<u>59,165,000</u>	0.06%	<u>35,499</u>	<u>-</u>
Total Overlapping Debt	<u>358,739,320</u>	54.59%	<u>195,835,530</u>	<u>1,960</u>
Grand Total	<u>\$ 389,229,238</u>	58.15%	<u>\$ 226,325,448</u>	<u>\$ 2,265</u>

(1) Overlapping debt figures supplied by the Municipal Advisory Council of Michigan.

City of Dearborn, Michigan

	1997	1998	1999	2000
Valuation base				
State equalized valuation - excluding IFT values	\$ 3,498,716,811	\$ 3,651,175,013	\$ 3,828,514,407	\$ 4,088,961,048
Plus: equivalent valuation of Act 198 exemptions	222,517,450	249,166,000	286,772,600	246,144,000
Total valuation	<u>\$ 3,721,234,261</u>	<u>\$ 3,900,341,013</u>	<u>\$ 4,115,287,007</u>	<u>\$ 4,335,105,048</u>
Legal Debt limitation - 10% of total valuation	\$ 372,123,426	\$ 390,034,101	\$ 411,528,701	\$ 433,510,505
Calculation of debt subject to limit:				
Total debt	45,756,075	76,797,693	73,823,731	70,487,397
Less: Revenue Bonds not subject to limit	(30,593,689)	(33,242,393)	(31,688,083)	(26,539,001)
Less: Amount available for repayment of general obligation bonds	-	(77,195)	(349,824)	(198,553)
Net debt subject to limit	<u>15,162,386</u>	<u>43,478,105</u>	<u>41,785,824</u>	<u>43,749,843</u>
Legal debt margin	<u>\$ 356,961,040</u>	<u>\$ 346,555,996</u>	<u>\$ 369,742,877</u>	<u>\$ 389,760,662</u>
Net debt subject to limit as % of debt limit	4.07%	11.15%	10.15%	10.09%

Computation of Legal Debt Margin Last Ten Fiscal Years

2001	2002	2003	2004	2005	2006
\$ 4,256,192,341	\$ 4,461,150,928	\$ 4,688,837,184	\$ 4,861,255,998	\$ 4,974,031,683	\$ 5,085,594,564
285,880,650	364,081,350	487,394,950	491,800,600	525,824,700	560,064,200
<u>\$ 4,542,072,991</u>	<u>\$ 4,825,232,278</u>	<u>\$ 5,176,232,134</u>	<u>\$ 5,353,056,598</u>	<u>\$ 5,499,856,383</u>	<u>\$ 5,645,658,764</u>
\$ 454,207,299	\$ 482,523,228	\$ 517,623,213	\$ 535,305,660	\$ 549,985,638	\$ 564,565,876
66,583,792	62,992,766	64,099,410	75,224,906	102,575,845	118,672,255
(25,046,563)	(23,794,125)	(27,376,520)	(26,723,563)	(24,953,267)	(23,052,972)
(247,348)	(291,545)	(350,940)	(325,862)	(514,528)	(159,246)
41,289,881	38,907,096	36,371,950	48,175,481	77,108,050	95,460,037
<u>\$ 412,917,418</u>	<u>\$ 443,616,132</u>	<u>\$ 481,251,263</u>	<u>\$ 487,130,179</u>	<u>\$ 472,877,588</u>	<u>\$ 469,105,839</u>
9.09%	8.06%	7.03%	9.00%	14.02%	16.91%

City of Dearborn, Michigan

Sewage Disposal System Limited Tax Revenue Bonds Revenue Bond Coverage Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirement			Coverage
				Principal	Interest	Total	
1997	\$ 12,631,450	\$ 9,527,133	\$ 3,104,317	\$ 1,213,720	\$ 1,599,435	\$ 2,813,155	110%
1998	12,862,727	9,710,085	3,152,642	1,310,000	1,535,816	2,845,816	111%
1999	14,432,112	9,549,518	4,882,594	1,357,374	1,461,463	2,818,837	173%
2000	17,338,960	11,441,651	5,897,309	1,425,000	1,377,498	2,802,498	210%
2001	15,711,210	11,690,400	4,020,810	1,505,000	1,291,876	2,796,876	144%
2002	16,114,625	12,798,449	3,316,176	1,265,000	1,206,391	2,471,391	134%
2003	16,409,603	13,368,916	3,040,687	1,330,000	1,187,154	2,517,154	121%
2004	18,858,158	15,072,744	3,785,414	1,640,000	1,158,476	2,798,476	135%
2005	20,633,639	15,920,043	4,713,596	1,790,000	792,693	2,582,693	183%
2006	21,980,542	13,819,686	8,160,856	1,920,000	737,275	2,657,275	307%

City of Dearborn, Michigan

Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
1997	84,306	NA	NA	2.3%
1998	93,400	NA	NA	2.1%
1999	95,600	NA	NA	2.0%
2000	97,775	\$ 2,100,989,200	21,488	1.9%
2001	98,929	2,100,989,200	21,237	2.9%
2002	99,879	2,100,989,200	21,035	3.5%
2003	99,824	2,100,989,200	21,047	4.3%
2004	99,499	2,100,989,200	21,116	5.4%
2005	99,382	2,067,333,614	20,802	5.5%
2006	99,909	2,067,333,614	20,692	5.2%

- (1) Population statistics are the U.S. Census estimates for April 1, 2000 and the SEMCOG estimates as of July 1 for other years as published in Southeast Michigan Council of Government's "Population and Households in Southeast Michigan, 2000-2006" (September 2006 and earlier).

City of Dearborn, Michigan

Principal Employers Current Year and Nine Years Previous

	2005			1996		
	Employees	Rank	Percentage of Total	Employees	Rank	Percentage of Total
Ford Motor Company	47,136	1	66.32%	35,432	1	68.42%
Oakwood Hospital Corporation	7,441	2	10.47%	2,300	4	4.44%
Visteon Corp (HQ)	4,300	3	6.05%	-	-	-
Severstal North America, Inc	2,500	4	3.52%	-	-	-
Lear Corp	2,320	5	3.26%	-	-	-
Dearborn Board of Education	2,182	6	3.07%	2,778	3	5.36%
Auto Club of Michigan	1,979	7	2.78%	2,012	5	3.89%
United Technologies Auto (HQ)	1,266	8	1.78%	1,340	7	2.59%
Dearborn Stamping Plant	1,000	9	1.41%	-	-	-
UM Child Development Center	954	10	1.34%	-	-	-
Rouge Steel Company	-	-	-	3,350	2	6.47%
Carhartt Inc	-	-	-	2,000	6	3.86%
Diemakers Inc	-	-	-	900	8	1.74%
City of Dearborn	-	-	-	880	9	1.70%
Consolidated Rail	-	-	-	795	10	1.54%
	<u>71,078</u>			<u>51,787</u>		

City of Dearborn, Michigan

Full Time Equivalent Government Employees Last Five Fiscal Years

Functions/programs	Full-time-Equivalent Employees as of July 1,				
	2002	2003	2004	2005	2006
Primary government					
Governmental activities					
General government	220.89	211.78	206.75	193.41	190.15
Public safety	451.25	462.29	468.60	448.34	459.38
Public works	118.42	105.95	104.30	93.09	90.30
Health and welfare	27.90	22.29	23.03	23.51	23.44
Recreation and culture	314.69	306.86	304.73	288.80	287.38
Community improvement	21.00	20.65	18.65	15.31	14.43
Total governmental activities	1,154.15	1,129.82	1,126.06	1,062.46	1,065.08
Business-type activities					
Housing	25.10	25.10	25.85	22.84	24.69
Golf course	28.27	28.07	28.07	27.83	26.22
Parking	-	-	-	6.69	5.08
Sewer	11.00	11.75	12.75	12.00	12.00
Water	36.88	36.88	39.67	39.84	37.82
Total business-type activities	101.25	101.80	106.34	109.20	105.81
Total primary government	1,255.40	1,231.62	1,232.40	1,171.66	1,170.89
Component unit					
East Dearborn Downtown Development Authority	-	-	-	1.00	1.00
Total employees	1,255.40	1,231.62	1,232.40	1,172.66	1,171.89

A full-time employee is scheduled to work 2,080 hours per year (including vacation, sick and PTO leaves).

Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.

City of Dearborn, Michigan

Functions/ programs	1997	1998	1999	2000	2001
Public safety					
Police patrol units	NA	NA	NA	NA	49
Fire stations	4	4	4	4	4
Emergency response vehicles	5	5	5	5	5
Fire suppression vehicles	9	9	9	9	9
Public works					
Miles of streets					
Major streets	NA	72.14	72.25	73.01	73.01
Local streets	NA	194.39	195.00	194.24	194.24
Recreation and culture					
Parks and recreation					
Parks acreage	323.60	323.60	323.60	323.60	323.60
Number of parks	43	43	43	43	43
Golf course	1	1	1	1	1
Ice surfaces	1	1	2	2	2
Libraries					
Branches	4	4	4	4	4
Collection - number of volumes	NA	NA	NA	NA	301,421
Utilities					
Water					
Miles of water mains	372.50	372.50	372.50	372.50	372.50
Fire hydrants	2,822	2,822	2,822	2,822	2,822
Sewer					
Miles of sanitary sewers	79.14	79.14	79.14	79.14	79.14
Miles of storm sewers	144.27	144.27	144.27	144.27	144.27
Miles of combined sewers	404.35	404.35	404.35	404.35	404.35

Capital Asset Statistics Last Ten Fiscal Years

2002	2003	2004	2005	2006
49	49	49	49	49
4	4	4	4	4
5	5	5	5	6
9	9	9	9	9
73.01	73.01	73.01	73.01	73.01
194.24	194.24	194.24	194.24	194.24
323.60	323.60	323.60	308.60	308.60
43	43	43	43	43
1	1	1	1	1
2	2	2	2	2
4	4	4	4	4
298,413	296,959	299,908	300,294	302,154
372.50	372.50	372.50	372.50	372.50
2,822	2,822	2,822	2,822	2,822
79.14	79.14	79.14	79.14	79.14
144.27	144.27	144.27	144.27	144.27
404.35	404.35	404.35	404.35	404.35

City of Dearborn, Michigan

Operating Indicators Last Five Fiscal Years

Functions/programs	2002	2003	2004	2005	2006
Election data					
Registered voters	39,581	42,064	45,660	51,056	54,882
District court					
Number of court cases	69,317	66,499	63,705	69,090	63,735
Building and safety					
Permits issued	10,459	10,898	10,663	9,412	9,096
Permit inspections conducted	NA	27,299	27,773	28,231	17,165
Police					
Calls for service	58,377	60,768	59,260	54,432	56,467
Traffic citations	23,824	21,371	18,846	NA	22,458
Parking citations	13,099	15,915	10,191	NA	11,727
Fire					
Fire incidents	2,248	2,118	2,149	2,256	2,320
Emergency medical services incidents	7,219	7,200	7,282	7,522	7,475
Public works					
Miles of street resurfaced	5.90	5.94	2.35	5.40	3.09
Curbside refuse collected (tons)	42,445	43,645	49,739	39,958	44,400
Curbside compost collected (tons)	16,156	8,679	11,160	8,848	10,800
Curbside recyclables collected (tons)	4,469	4,463	4,626	4,046	4,200
Leaf collection (cubic yards)	16,742	21,150	18,204	24,300	19,762
Recreation					
Passholder visits	159,091	172,329	188,000	199,035	217,124
Library					
Collection - number of volumes	298,413	296,959	299,908	300,294	302,154
Circulation - number of transactions	1,246,989	1,289,748	1,277,048	1,143,446	1,034,882
Number of visitors	613,942	594,716	594,316	538,527	520,973
Water					
Number of customers billed	32,935	32,978	32,946	32,949	32,860
Total consumption (100 cubic feet)	9,696,090	9,695,009	8,949,242	8,091,453	8,374,319
Sewer					
Sewer water conveyed to Detroit (100 cubic feet)	11,876,378	10,986,646	11,512,650	11,820,680	11,561,647